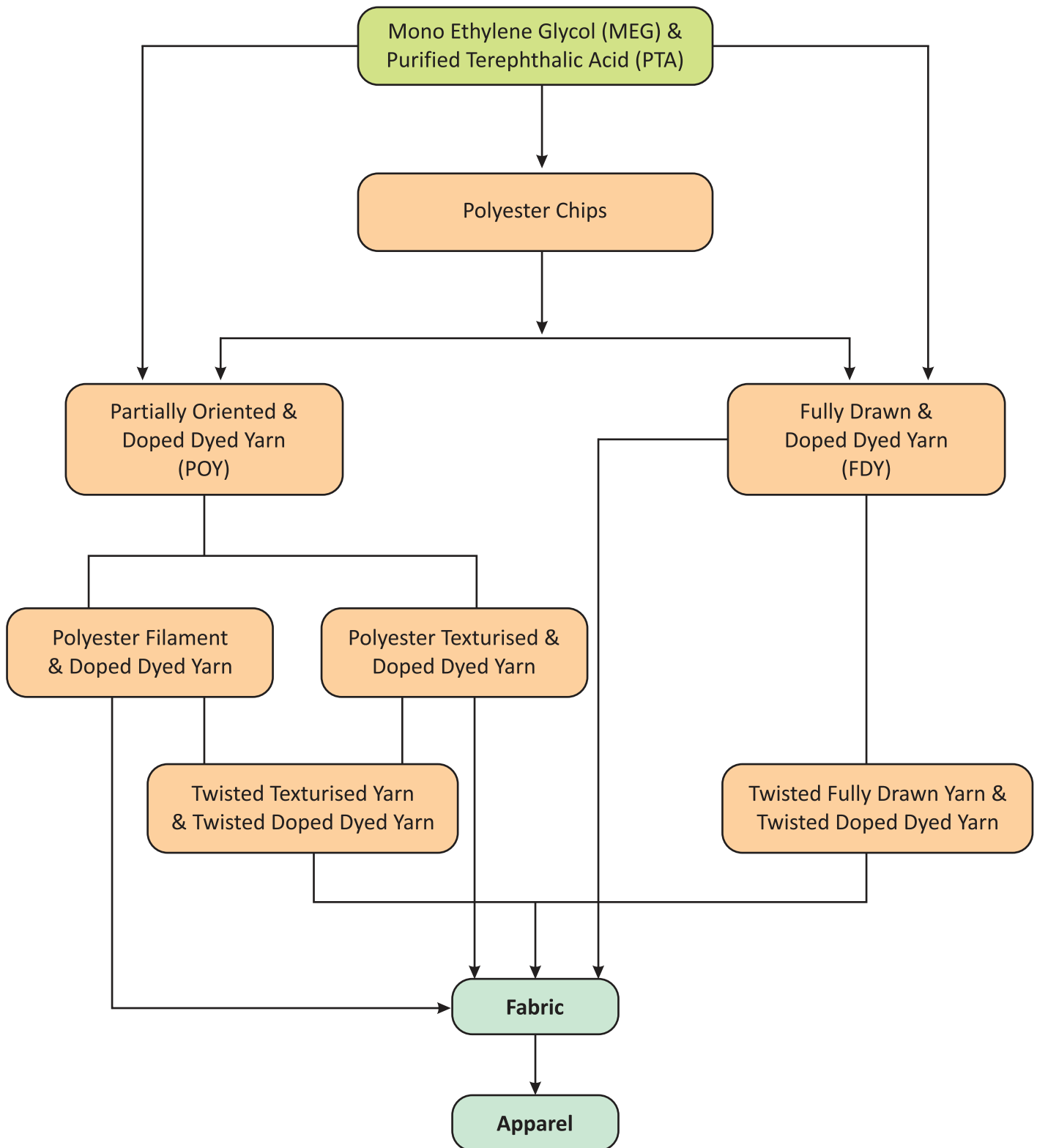


# **RAJ RAYON INDUSTRIES LIMITED**

*"Spinning the Quality of Perfection"*

**24<sup>th</sup> Annual Report  
2016 - 2017**

# Product Flow Chart of Raj Rayon Industries Limited



 Raw Materials Purchased by Company from outside

 Products Manufactured by Company

**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	Mrs. Rajkumari Kanodia Mr. Naval Babulal Kanodia Mr. Jugal Kishore Pooranmal Pareek Mr. Prahlad Rai Jajodia Mr Bibhuti Bhusan Das Mr. Rajubhai Bababhai Chokidar	Non Executive Chairperson & Director Whole Time Director Independent Director Independent Director Nominee Director Additional Independent Director
CEO & CFO	:	MR. SUSHIL KUMAR KANODIA	
AUDITORS	:	M/S. K.M. GARG & CO.	
REGISTERED OFFICE	:	Survey No. 177/1/3, Village – Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.) - 396 230 (INDIA) Tel: 91- 07096038229 Fax:-91-0260-2699185 Website: www.rajrayon.com Email: mumbai@rajrayon.com/ investors@rajrayon.com	
CORPORATE OFFICE	:	5- C, 196 & 197, “AKSHAY”, Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai- 400 059, Maharashtra (INDIA) Tel: 91-22- 4034 3434 Fax: 91-22- 4034 3400 Website: www.rajrayon.com Email: mumbai@rajrayon.com/ investors@rajrayon.com	
PLANT LOCATIONS	:	(i) Survey No. 272/1/1, Plot No. 1, Village -Dadra, Dadra-Demani Road, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA) (ii) Survey No. 185/1/1, Plot No.17, Dokmandi, Village- Amlī, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (iii) Survey Number 177/1/3, Village – Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)	
REGISTRAR & SHARE TRANSFER AGENT	:	Link Intime India Private Limited 247, LalBahadurShastri Marg, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai – 400083(INDIA) Tel: 91-22- 25946970-78, Fax: 91-22- 25946969 Email:rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	

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# RAJ RAYON INDUSTRIES LIMITED

## NOTICE

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of Raj Rayon Industries Limited will be held on Wednesday, 20<sup>th</sup> September, 2017 at the registered office of the Company at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) –396 230, at 10:00 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Annual audited Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2017, the reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mr. Naval Babula Kanodia (Din No: 03063554) who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of auditors of the Company, and to fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the Annual General Meeting held on 30<sup>th</sup> September, 2014, the appointment of **M/s. K.M. Garg & Co., Chartered Accountants (Firm Registration No. 120712W)** as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018 be and are hereby ratified and the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending 31<sup>st</sup> March, 2018, as may be recommended by the Audit Committee in consultation with the Auditors”

### Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under and Regulation 23 of SEBI( Listing Obligations & Disclosure Requirement) Regulations, 2015 the consent of the Members of the Company be and is hereby accorded to enter into transactions with the following Related Party on arm length basis for the maximum amount of Rs. 150.00 cores per annum details as mentioned herein below:

Sr. No.	Nature of transactions as per Companies Act, 2013	Name of Director/ KMP who is related and nature of relationship	Name of Related Party	Relationship	Particulars of the transactions
1.	Sale of Materials	Mr. Naval Babulal Kanodia	Fine Fashion Private Limited	Director is Relative of Director	Sale of Polyester Yarns/Fabrics

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or a Committee thereof, be and are hereby, severally authorised to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party(ies) and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), **M/S S. S. Sawant & Company, Practicing Cost Accountant, Membership No. A 11811** be appointed as **Cost Auditor** by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the year 2017-2018 and issue Cost Audit Report on the same at a remuneration of Rs. 30,000/- (apart from service tax including applicable taxes as applicable and reimbursement of actual travel and out-of-pocket expenses)

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

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), and Regulation



16 and 17 of SEBI (LODR) regulations 2015, Mr. Rajubhai BabaBhai Chokidar (DIN: 07865389) who was appointed as an Additional Independent Director of the Company by the Board of Directors with effect from 30<sup>th</sup> June, 2017 and who holds office up to the date of this Annual General Meeting, in terms of Section 161(1) of the Companies Act 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Rajubhai BabaBhai Chokidar (DIN: 07865389) as a candidate for the office of an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to 29<sup>th</sup> June 2022, not liable to retire by rotation."

**RESOLVED FURTHER THAT** Board of the Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

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

"**RESOLVED THAT** pursuant to the provisions of Section 179, 196, 197, 203 of the Companies Act, 2013 and pursuant to Article 85 of the Articles of Association of the Company, Mr. Naval Babulal Kanodia (Din No: 03063554), who was re-appointed as an Whole-Time Director of the Company and whose term of office expires on 31<sup>st</sup> May, 2017 and who was appointed as a Whole-Time Director at a Board of Directors meeting held on 30<sup>th</sup> May, 2017 subject to approval of members and who is liable to retire by rotation.

A) **RESOLVED FURTHER THAT** pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the approval of Members be and is hereby accorded for the re-appointment of Mr. Naval Babulal Kanodia, as a Whole-time Director of the Company for a period of five years w.e.f. 01<sup>st</sup> June, 2017 to 31<sup>st</sup> May, 2022 subject to revision of remuneration after 3 years in compliance of Schedule V of The Companies Act, 2013. And following are the terms and conditions:-

B) Salary: Rs. 1,92,000 (Rupees One Lakh Ninety Two thousand Only) per annum.

C) Perquisites: These shall be restricted to the extent as mentioned in Schedule V of The Companies Act, 2013.

D) Encashments of leave will be paid at the end of the year .

E) **General Terms:**

a. Where in any financial year, during the currency of tenure of the Whole Time Director, the Company has adequate profits the Whole Time Director will be paid remuneration subject to the limits of 5% of the net profits, as the case may be, and the overall limits of 11% of the net profits as laid down in sub-Section (1) of Section 197 of the Companies Act, 2013 and in case of no profit or inadequacy of profit the remuneration shall be within the limit specified in the Schedule V of the Companies Act, 2013.

b. The Whole Time Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment.

**RESOLVED FURTHER THAT** in the event of there being loss or inadequacy of profit in any financial year during his tenure, the aforesaid remuneration payable to Mr. Naval Babulal Kanodia shall be the minimum remuneration payable by the Company.

**RESOLVED FURTHER THAT** Board of the Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

**By order of the Board of Directors**

Sd/-

**Place: Mumbai  
Date: 14<sup>th</sup> August, 2017**

**Rajkumari Kanodia  
Chairperson & Director**

**Registered Office:**

**Survey No. 177/1/3,**

**Village – Surangi, Dist –Silvassa,**

**Dadra & Nagar Haveli (U.T.) – 396 230**



# RAJ RAYON INDUSTRIES LIMITED

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

CIN: L17120DN1993PLC000368

## NOTES:

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A proxy form is attached hereto.

2. Proxies, in order to be effective, must be duly filled, stamped, signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting, setting out material facts, is annexed hereto.
4. Additional information, pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard 2 in respect of the Directors seeking appointment / re-appointment at the AGM is furnished as annexure to the Notice of AGM. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules made thereunder.
5. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
6. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Annual General Meeting.
7. Relevant documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on all working days except Saturdays,

between 11:00 a.m. and 1:00 p.m. up to the date of the meeting.

8. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the company.
9. Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 14<sup>th</sup> September, 2017 to Wednesday, 20<sup>th</sup> September, 2017 (both days inclusive) for the 24<sup>th</sup> Annual General Meeting of the Company.
10. Pursuant to provisions of Section 124 (Section 205A of the erstwhile companies act, 1956) and section 125 and other applicable provisions, if any of the companies act, 2013, the dividend which remains unclaimed for a period of seven years, will be transferred by the company to the Investor Education and Protection Fund (IEPF).

Information in respect Financial Year ended Date of declaration of Dividend Last Date for claiming unpaid Dividend Due date for transfer to IEPF such unclaimed dividend when due for transfer to the said fund is given below:

Financial Year ended	Date of declaration of Dividend	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31-03-2010	07-08-2010	06-08-2017	06-09-2017
31-03-2011	15-09-2011	14-09-2018	14-10-2018

Members, who have not so far encashed the dividend warrant(s), are requested to seek issue of duplicate Warrant(s)/Demand Draft by writing to the Company or to the Company's R&TA immediately.

11. Members, who hold shares in physical form, in multiple folios, in identical names or joint accounts in the same order of names, are requested to send the Share Certificates to the Company's R&TA for consolidation into a single folio.
12. 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 in their address or bank mandates immediately to Company or Registrar and Transfer Agents (RTA).
13. Further, Members are requested to address all



correspondence to Company's R&TA at the address mentioned below so as to enable the Company to dispatch dividend warrants and any further communication at their correct addresses:

### **LINK INTIME INDIA PRIVATE LIMITED**

247, Lal Bahadur Shastri Marg, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083

022 4918 6000

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

A Member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available by the Management at the meeting. 13. Investors may address their queries/communication at [investors@rajrayon.com](mailto:investors@rajrayon.com).

To promote and support "Green Initiative", Members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the Company's R&TA – Link Intime Private Limited giving reference of their Folio Number.

Members may also note that the Annual report (including the Notice of 24<sup>th</sup> AGM) for 2016-17 will be available on the Company's website, [www.rajrayon.com](http://www.rajrayon.com). The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days, except Saturday. Members who require communication in physical form in addition to e-communication or have any queries, may write to us at [investors@rajrayon.com](mailto:investors@rajrayon.com)

Relevant documents referred to in the accompanying Notice and the statements are open for inspection by the members at the registered office of the Company on all working days, except Saturday, during business hours up to the date of the meeting.

#### **14. Information and other instructions relating to e-voting are as under**

(a) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of

the Meeting ('remote e-voting').

- (b) The facility for voting through polling paper shall also be made available at the venue of the AGM. The members who are attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting.
- (c) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- (d) The Company has engaged the services of Central Depository Services Limited (CDSL) as the agency to provide e-voting facility.
- (e) Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 13<sup>th</sup> September, 2017.
- (f) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 13<sup>th</sup> September, 2017 only shall be entitled to avail the facility of remote e-voting / Poll.

#### **Instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on September 17, 2017 from 9.00 A.M. and ends on September 19, 2017 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 13, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (ii) Click on Shareholders / Members
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

- (v) If you are a first time user follow the steps given below:



# RAJ RAYON INDUSTRIES LIMITED

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box

will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xvii) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)





The Board of Directors of the Company has appointed Miss. Amisha Shah Proprietor of M/s A.V. Shah & Associates, Practicing Company Secretary (Membership No. A20745) Address: Unit no 5,6 ground floor, Papa Industrial Estate, Suren Road, Chakala, Andheri Kurla Road, Andheri east Mumbai – 400093 as Scrutinizer to scrutinize the entire voting process in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for same purpose.

- (xviii) The Scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make not later than 48 hours of conclusion of meeting of conclusion of the meeting 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 and the Chairman shall declare the results of the voting forthwith which shall not be later than 48 hours of conclusion of meeting.

The result declared, along with the Scrutinizer's Report shall be placed on the Company's website [www.rajrayon.com](http://www.rajrayon.com) and on the website of CDSL after the result is declared by the Chairman and also be communicated to the Stock Exchanges where the Company is listed.

**Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013:**

**Item No. 4**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, and provisions of Regulation 23 of SEBI Listing Regulations that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and of the Members by way of a ordinary Resolution, in case of material Related Party transactions threshold limits are exceeded:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;

5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

In the light of provisions of Section 188 of Companies Act, 2013 read with Rules made there under and Regulation 23 of Listing Regulations, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties.

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Sr. No.	Particulars	Details/ Remarks
1	Name of related party	Fine Fashion Private Limited
2	Name of the Director or Key Managerial Personnel who is related, if any	Mr. Naval Babulal Kanodia
3	Nature of Relationship	Director Relative
4	Nature, material terms, monetary value particulars of the contract or arrangement	Sale of Polyester Yarns/ Fabrics of Rs. 150.00 crores p.a.
5	Any other information relevant or important for the Board/Members to take a decision	-

The transactions are done on an ordinary course of business and on arm length basis.

Members are hereby informed that no member of the company shall vote on such ordinary resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

The Directors recommend the Item No. 4 of the Notice for consent and approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Naval Babulal Kanodia is in any way, concerned or interested, financial or otherwise, in the proposed special resolution except to the extent of their respective shareholding in the Company, if any.



## RAJ RAYON INDUSTRIES LIMITED

### **Item No. 5**

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

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s S.S. Sawant & Company, Practicing Cost Accountant, as Cost Auditor of the Company to conduct Cost Audit for the year 2016-2017 at a remuneration of Rs. 30,000/-.

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

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No.5 of the accompanying Notice.

The Resolution at item No.5 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

### **Item No. 6**

The Board of Directors of the Company has appointed Mr. Rajubhai Baba Chokidar (DIN: 07865389) as an Additional Independent Director of the Company with effect from 30<sup>th</sup> June, 2017 by a resolution passed by circular. Pursuant to provisions of Section 161(1) of the Companies Act, 2013, Mr. Rajubhai Bababhai Chokidar (DIN: 07865389) holds office up to the date of this Annual General Meeting of the Company. The Company has received notice in writing under the provision of Section 160 of the Companies Act, 2013 from a member, along with a deposit of requisite amount proposing the candidature of Mr. Rajubhai Bababhai Chokidar (DIN: 07865389) for the office of Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Rajubhai Bababhai Chokidar (DIN: 07865389) (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Rajubhai Bababhai Chokidar (DIN: 07865389) as an Independent Director of the Company for a period of five years up to 29<sup>th</sup> June 2022 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. he will not be liable to retire by rotation.

In the opinion of the Board, Mr. Rajubhai Bababhai Chokidar (DIN: 07865389), the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Rajubhai Bababhai Chokidar (DIN: 07865389) as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to date of the Annual General Meeting.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. Rajubhai Bababhai Chokidar (DIN: 07865389) whose appointment is proposed in this resolution are in any way concerned or interested in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

### **Item No. 7**

The Board of Directors at its meeting held on 30<sup>th</sup> May, 2017 subject to members approval in general meeting has reappointed Mr. Naval Babulal Kanodia as Whole time Director of the Company for a period of five years commencing from 01<sup>st</sup> June, 2017 to 31<sup>st</sup> May, 2022 at a remuneration of Rs. 1,92,000 p.a. subject to revision of remuneration after three years in compliance of schedule V of Companies Act, 2013, he holds nil shares in the Company.

Mr. Naval Babulal Kanodia is HSC and has good experience and exposure in textile sector. He has extreme experience and exposure in textile sector. He is Member of Allotment Committee.

The resolution seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and (Appointment and Remuneration of Managerial Personnel) Rules, 2014, made thereunder for his appointment as Whole time Director.

The Directors recommended the resolution at item no. 7 of the Notice for your approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives other than Mr. Naval Babulal Kanodia is in any



way concerned or interested in the Resolution.

By order of the Board of Directors

Sd/-

Rajkumari Kanodia  
Chairperson & Director

Place: Mumbai

Date: 14<sup>th</sup> August, 2017

Registered Office:

Survey No. 177/1/3,

Village – Surangi, Dist –Silvassa,

Dadra & Nagar Haveli (U.T.) – 396 230

Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 regarding appointment of a new Director or re-appointment of Directors:

Name of Directors	Mrs. Rajkumari Kanodia	Mr. Rajubhai Bababhai Chokidar
Age	56 years	59 Years
Qualification	H.S.C	H.S.C
Date of appointment	28 <sup>th</sup> February, 2003	30 <sup>th</sup> June, 2017
Category	Non-Executive & Promoter Director	Independent Director
No. of Shares held	91,75,000	Nil
Expertise in specific functional area	Textile Industry	Textile Industry
Membership or Chairmanship in other Companies	She is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.	He is not a Director on the Board of any other Company.
Relationship with Any other Director or KMP of the Company	Spouse of Sushil Kumar Kanodia (CEO & CFO)	None
Brief Profile	Mrs. Rajkumari Kanodia, aged 57 years, is one of the main promoters of your company. Mrs. Kanodia, a H.S.C, has experience in the textile field for about 20 years. She was appointed as Director of the Company on 28th February, 2003.	Mr. Rajubhai Bababhai Chokidar is HSC passed aged 59 years. He was appointed as an Additional Independent Director till the date of next Annual General Meeting. He has huge experience in a textile sector.
Number of meetings of the Board attended during the year	5 out of 4	N.A. (He is appointed with effect from June 30, 2017)
Justification for choosing the appointees for appointment as Independent Directors	NA	He has good experience of finance and other business sector.



# RAJ RAYON INDUSTRIES LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 24<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended on 31<sup>st</sup> March, 2017.

### Financial Results:

Particulars	(Rs. in Lakhs)	
	Current Year	Previous Year
	2016-2017	2015-2016
<b>Net Sales and Other Income</b>	<b>27610.44</b>	<b>45387.23</b>
Net Profit before interest, Depreciation and Tax	1690.83	14942.09
Less: Interest	169.40	8863.65
Depreciation	4768.59	4860.41
<b>Profit/ (Loss) before Tax</b>	<b>(6628.35)</b>	<b>(28666.15)</b>
Less: Provision for Current Tax	0.00	0.00
Provision for Deferred Tax	0.00	0.00
Tax Adjustment for earlier years	.47	1.64
<b>Profit/(Loss) After Tax/ Profit/(Loss) for the Period</b>	<b>(6628.82)</b>	<b>(28667.79)</b>

\*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

### Summary of Operations:

During the financial ended March 31, 2017 year, your Company recorded Net Sales and Other Income of Rs. **27610.44** Lakhs as compared to Rs. **45387.23** Lakhs of previous year ended 2016. The Company incurred Cash losses of Rs. 8488.58 Lakhs as compared to Cash Losses of Rs. 23833.1 Lakhs of previous year.

### Dividend:

In absence of profits for the year ended 31<sup>st</sup> March, 2017 and past accumulated losses, your directors do not recommend payment of any dividend for the year ended 31<sup>st</sup> March, 2017.

### Transfer to Reserves:

In absence of profits for the year ended 31<sup>st</sup> March, 2017 and past accumulated losses, your directors does not recommend for transfer of any amount to reserves for the year ended 31<sup>st</sup> March, 2017.

### 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 No. 2 of Notes forming part of Notes to Accounts given in this Annual Report.

### Material Changes And Commitment Affecting Financial Position Between The End Of The Financial Year And Date Of The Report:

There have been no such material changes or commitments affecting the financial position from the end of the Financial Year 2016-2017 till date of this report, as may be deemed to be material enough to affect the financial position of the Company, otherwise than in the normal course of business.

### Internal Control System and Adequacy:

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

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

### Subsidiary/Joint Ventures/Associate Companies:

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

### Deposits

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

### Statutory Auditors:

#### Ratification

At the Annual General Meeting held on 30<sup>th</sup> September, 2014, **M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)**, were appointed as Statutory



Auditors of the Company to hold office till the conclusion of the four consecutive Annual General Meetings to be held in year 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of Auditors shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of **M/s. K.M. Garg & Co., Chartered Accountants**, as Statutory Auditors of the Company, is placed for ratification by the shareholders. In this regards, the Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 of Companies Act, 2013 and that they are not disqualified for such re-appointment within the meaning of Section 141 of Companies Act, 2013.

### **Auditors' observation and Management's response to Auditors' observation:**

The Directors refer to the Auditors' observation in the Auditors' Report and provide their explanation as under:

- i) In respect of Note 2 of the Financial Statement regarding amount payable towards recompense:

The recompense payable is contingent on various factors including improved performance of the Company (Borrowers) and many other conditions, the outcome of which currently is materially uncertain and cannot be determine.

- ii) In respect of Auditors observation in Financial Statements regarding cash losses incurred by the Company:

It is clarified that the cash losses were primarily attributable to the lower volumes due to prevailing uncertain economic conditions, lower sales volume coupled with increase in depreciation and interest/finance cost.

- iii) In respect of Auditors observation in Financial Statement regarding Net worth of the company is fully eroded:

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

### **CORPORATE GOVERNANCE:**

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

have affirmed the compliance vide Code of Conduct of the Board and Senior Management is attached to the report on Corporate Governance.

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

### **Cost Auditor:**

The Central Government had approved appointment of M/s S S Sawant & Co, Cost Accountant, Mumbai as Cost Auditor to conduct Cost Audit relating to the products manufactured by your Company for the financial year 2016-2017, the E-Form CRA-2 for his appointment was filed on time. Further the Company has also appointed M/s S S Sawant & Co as Cost Auditor to conduct the Cost Audit for the financial year 2017-2018, as per Section 148 of Companies Act, 2013 and there remuneration has to be ratified at the ensuing Annual General Meeting.

### **Secretarial Auditor:**

#### ***Appointment***

The Company had appointed Miss Amisha Shah Properitor of M/s. A. V. Shah & Associates, Practicing Company Secretaries, Mumbai to undertake Secretarial Audit of the Company, pursuant to Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct Secretarial Audit for the financial year 2016-2017.

The Secretarial Audit Report for the financial year 2016-2017 forms part of the Annual Report as Annexure I to the Board's Report.

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

It was observed that as per the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s. Fine Fashion Private Limited falls into Promoter or Promoter Group but the same has been inadvertently missed out to reclassify in promoter or promoter group.

The Company has applied to NSE and BSE for necessary procedure to be followed for shifting M/s Fine Fashion Private Limited from the category of 'Public Share Holding' to 'Promoter' Holding. However, the reply is awaited from the Stock Exchanges.

### **Internal Auditor:**

The Board of directors has discussed the appointment of



# RAJ RAYON INDUSTRIES LIMITED

Internal Auditor for the financial year 2017-2018, but after a detailed discussion at a board of directors meeting held on 30<sup>th</sup> May, 2017, it was decided that since the company is not in a position to meet the remuneration of internal auditors due to huge losses, the company has postponed the appointment of the internal auditors..

## **Share Capital and Net Worth:**

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

Further the net worth of the Company has increased to (Rs. 42199.42 Lakhs) as compared to (Rs. 35,570.60 Lakhs) in previous year. Since the net worth of the Company had fully eroded.

## **Extract of the annual return**

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

## **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:**

#### **1. 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.

#### **2. 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.

#### **3. 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.

#### **4. 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.

#### **5. Use of turbo vent in place of electrical operated exhaust fan**

### **(B) Technology absorption**

#### **1. 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

#### **2. Installing direct polymer melt (DPM) to poy**

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

#### **3. 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.

#### **4. 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. 38 of Financial statement.

### **Corporate Social Responsibility (CSR) Initiatives:**

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

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

### **LISTING AND DEMATERIALISATION:**

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

### **The Details Of Directors And Key Managerial Personnel Who Were Appointed Or Resigned During The Year:**

In accordance with the provisions of the Companies Act, 2013 and in terms of the Articles and Association of the Company, Mr. Naval Babulal Kanodia, Director of the Company,retires by rotation at the ensuing Annual General Meeting and being



eligible himself for re-appointment. The Board recommends the re-appointment. Board also recommends the regularization of Mr. babubhai Rajabhai Chokidar as an Independent Director.

During the year under review, Mr. Suresh Gupta, Independent Director of the company, has resigned with effect from 31<sup>st</sup> March, 2017.

Board of Directors have appointed Mr. Rajubhai Bababhai Chokidar as an Additional Independent Director w.e.f. June 30, 2017

During the year Miss Deepa Gehani has resigned from the post of Company Secretary & Compliance Officer effective from 19<sup>th</sup> July, 2017 and Mr. Sushil Kumar Kanodia CEO & CFO of the company has been designated as Compliance Officer of the company till another company secretary is appointed Compliance Officer appointed.

### **Declaration Given By Independent Directors:**

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

### **Formal Annual Evaluation:**

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

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

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

### **Company's Policy On Nomination, Appointment, Remuneration And Evaluation:**

The Current policy is to have an appropriate proportion of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. On March 31, 2017, the Board consists of six members, including a, whole-time director and three are independent directors. The Company has framed a Nomination, Remuneration and one Nominee Director and Evaluation Policy. The information with respect to the Company's policy on Mr. Suresh Gupta has placed his resignation on March 31, 2017 directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is outlined in the Annexure-1 of this report.

### **Board of Directors Meeting:**

The Board met Five (05) times during the financial year 2016-17 viz. on 05/04/2016, 30/05/2016, 12/08/2016, 12/11/2016, 10/02/2017. Detailed information on the meetings of the Board of Directors is included in the report on Corporate Governance, which forms part of this Annual Report.

### **Committees of Board**

Following are the various Committees formed by Board:

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

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

### **Vigil Mechanism**

Pursuant to the requirement of the Companies Act 2013 and provisions of Listing Agreement applicable to the Company, your Company has adopted Vigil mechanism (Whistle Blower Policy) for complying with the Company's Code of Conduct and Ethics, and particularly to assuring that business is conducted with integrity and that the Company's financial information is accurate. The reportable matters may be disclosed by the employees to the Management / Managing Director / Chairman of the Audit Committee. No complaint



## RAJ RAYON INDUSTRIES LIMITED

was received during the Financial Year 2016-17. During the year under review, no employee was denied access to the Audit Committee.

### **Particulars of loans, guarantees or investments under section 186:**

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

### **Related Party Transactions:**

All the related party transactions which were entered by the Company during the financial year were done on arm's length basis and were in the ordinary course of business of the Company. Also there are no materially significant related party transactions made by the company with Directors, Key Managerial Personnel, Promoter or any other designated persons which may conflict with the interest of the Company at large. **Details of AOC-2 are given under Annexure-5** The policy on Materiality of Related Party Transactions as approved by the Board of Directors is uploaded on company's website.

### **Particulars of Employees and related disclosures:**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as Annexure 4.

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

### **Directors' Responsibility Statement:**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for

the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Risk Management Policy:**

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

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

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

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

Pursuant the provision of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the formation of the Risk Management Committee is not applicable to your Company. Detailed policy framework is disclosed on the website of the Company at





<http://rajrayonindustries.com/admin/Pdf/risk-management-policy.pdf>

**Details Of Significant And Material Orders Passed By The Regulators Or Courts Or Tribunals Impacting The Going Concern Status And Company's Operation In Future:**

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

**Prevention of Sexual Harassment at Workplace:**

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

**Unclaimed Dividend:**

Your Company would like to bring to the notice of the shareholders that some of them have not claimed the dividends as per the under mentioned detail:

Financial Year ended	Date of declaration of Dividend	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31-03-2010	07-08-2010	06-08-2017	06-09-2017
31-03-2011	15-09-2011	14-09-2018	14-10-2018

The Board of Directors sincerely likes to remind the concerned shareholders to claim their dividends. The Board also likes to inform to the shareholders that any dividend remaining unclaimed for seven years gets transferred to Investor Education & Protection Fund as per Section 125 of the Companies Act, 2013.

**Other Disclosures/Reporting:**

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

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

Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares

as envisaged under section 67(3)(c) of the Companies Act, 2013).

**Acknowledgements:**

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

**For and on behalf of the Board of the Directors**

**SD/-**

**Place: Mumbai  
Dated: 14<sup>th</sup> August, 2017**

**Rajkumari Kanodia  
Non Executive  
Chairperson & Director**



# RAJ RAYON INDUSTRIES LIMITED

## Annexure-1

### **NOMINATION, REMUNERATION AND EVALUATION POLICY**

#### **Purpose:**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

#### **Accountabilities:**

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

#### **Definitions:**

- A. **Key Managerial Personnel:** Key Managerial Personnel means-
1. Chief Executive Officer or the managing director or the manager;
  2. Company Secretary,
  3. Whole-time Director;
  4. Chief Financial Officer; and
  5. Such other officer as may be prescribed.
- B. **Senior Management:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

#### **Objective of the Policy:**

As required under the provisions of Section 178 of the Companies Act, 2013 and listing agreement entered with Stock Exchanges, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee) to oversee, inter-alia, matters relating to

- A. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;

- B. formulate the criteria for determining qualifications positive attributes and independence of a director;
- C. recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- D. carry out Annual performance evaluation of every director's performance including that of Independent Directors and
- E. devise a policy on Board Diversity

This Policy sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This Policy also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.

### **POLICY FOR NOMINATION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:**

#### **Nomination Criteria for Directors:**

In identifying and recommending the candidature for appointment as Director, the Committee will consider any or all of the following criteria:

1. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.
2. Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.



3. Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force, as the case may be;
4. Ensure that the proposed Director consents to act as Director and can devote his time and energies towards the overall development and betterment of the Company's business.
5. Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
6. Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

**Additional Criteria for Appointment of Independent Directors:**

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and listing Regulations, including any amendments made thereof from time to time.

**Nomination Criteria for KMPs / Senior Management personnel:**

The committee will consider:

1. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
2. Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
4. Ensure that the Company shall not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who is below the age of Twenty-one years or has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.

**Additional Responsibility of the Board:**

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force and applicable as the case may be.

**Term / Tenure, Continuity and Renewal:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment. As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including listing agreement relating to disqualifications, resignation, removal and retirement. Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Matters pertaining to Remuneration:**

This policy also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

**General:**

1. The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
2. The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether
  - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality or expertise required to run the company successfully;
  - b) The remuneration is comparable and in proportion to the accepted industry standards;



# RAJ RAYON INDUSTRIES LIMITED

- c) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - d) To the extent possible, such remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
3. The remuneration / compensation / commission etc. so recommended shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
  4. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Directors.
  5. Where if any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
  6. Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel will be governed by Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

## **Remuneration to Executive Directors, KMPs and Senior Management Personnel:**

### **A. Fixed pay:**

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and/or Central Government, wherever required. Besides, Managing Director may be eligible for commission such that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined under the provisions of the Companies Act, 2013. Remuneration payable to Senior Management Personnel will be governed by their respective terms of appointment.

### **B. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors including Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### **C. Provisions for excess remuneration:**

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he /she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## **Remuneration to Non-Executive / Independent Directors:**

### **A. Sitting Fee:**

The Non- Executive / Independent Directors may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed under the provisions of the Companies Act, 2013 and rules made thereunder (as amended from time to time and approved by the Board).

### **B. Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

## **Matters pertaining to Evaluation:**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution. Therefore it is necessary for the company to carry out the evaluation of all the directors on an annual basis. As regards the evaluation process; the scheme of the Companies Act, 2013 read with clause 49 of the listing agreement contemplates that:

- a) As required under Section 134(3)(p) of the Companies Act, the manner of formal evaluation made by Board of Directors of its own performance, that of its committees and individual Directors shall be disclosed in Board's Report;



- b) As required under Section 178(2), the Nomination and Remuneration Committee shall carry out evaluation of every Director's performance;
- c) As required under Clause VII of Schedule IV to the Companies Act, 2013; in the separate meeting held by the Independent Directors:
  - i. Performance of the non-independent directors and the Board as a whole shall be reviewed and
  - ii. Performance of the Chairperson of the Company (after taking into account views of Executive and Non-Executive directors) shall be reviewed.
- d) SEBI Listing Regulations stipulates that the Nomination & Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors and
- e) SEBI Listing Regulations stipulates that the performance of Independent Directors shall be done by the entire Board.
- f) Up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- g) Adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.,
- h) Making timely disclosures of their interest and disclosure of non-independence, when it exists;
- i) His/her contribution to enhance overall brand image of the Company.

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board will carry out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees of the Board as applicable to the Company. Method of Performance Evaluation will be decided by board from time to time, Such as Questionnaire method, Comparison Method or and other method as may be decided by board. The Committee also follows the same in evaluating each Director of the Company. Further, the Executive Directors will be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time and Independent Directors would be evaluated by entire Board based on professional conduct, Roles, functions and duties as contemplated under Schedule IV of the Act, apart from their evaluation as Directors based on aforesaid criteria. The performance evaluation of the Chairman and the Non Independent Directors will be carried out by the Independent Directors who will also review the performance of the Secretarial Department.

As regards the evaluation criteria to be followed by Board for its evaluation of Committees and other Directors including Independent Director; Independent Directors or Non-Independent Directors, the same are dealt in other documents dealing with respective criteria of evaluations including the Duties, Responsibilities and key functions of Board as contemplated under the Act and clause 49 of the listing agreement. In all these cases, be it by Board or by Independent Directors, the evaluation of each Director would be done based on parameters like:

- a) Well informed and understand the Company, its business and the external environment in which it operates;
- b) Prepare well and participate actively in the Board and its committee meetings;
- c) Effectively probe to Test the assumptions; rendering independent and unbiased opinion;
- d) Assertive in holding to their views and resisting pressure from others;
- e) Follow-up on matters about which they have expressed concern;
- f) Strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g) Contributions in development of a Strategy, Business plan or risk management;
- h) Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i) Diplomatic and convincing way of presenting their views and listening to views of others;



# RAJ RAYON INDUSTRIES LIMITED

Annexure II

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2017

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

FORM NO. MGT-9

### I REGISTRATION AND OTHER DETAILS:

- i) CIN: **L17120DN1993PLC00368**
- ii) Registration Date: **17<sup>th</sup> August, 1993**
- iii) Name of the Company: **Raj Rayon Industries Limited**
- iv) Category/ Sub-Category of the Company: **Public Company Limited by shares Indian Non-Government Company**
- v) Address of the Registered Office and contact details:  
 Survey No. 177/1/3,  
 Village–Surangi, Dist–Silvassa,  
 Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)  
 Tel: 91- 07096038229, Fax:-91-0260-2699185  
 E-mail: [investors@rajrayon.com](mailto:investors@rajrayon.com)
- vi) Whether listed company: **Yes, listed on BSE and NSE**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
**Link Intime India Private Limited**  
 247, LalBahadurShastri Marg,,  
 Surya Nagar, Gandhi Nagar, Vikhroli West,  
 Mumbai – 400083(INDIA)  
 Tel: 91-22- 25946970-78, Fax: 91-22- 25946969  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Textured Yarn of Polyesters and Polyesters Chips	131	98.28%

### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
	-	-	-	-	-



**IV SHAREHOLDING PATTERN (Equity Share Capita; Breakup as percentage of Total Equity)**

**i) Category- wise Share Holding**

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter</b>										
<b>(1) Indian</b>										
a)	Individual /HUF	23315000	0	23315000	6.73	23315000	0	23315000	6.73	0.00
b)	Central Govt.									
c)	State Govt (s)									
d)	Bodies Corp.	94720930	0	94720930	27.34	94720930	0	94720930	27.34	0.00
e)	Banks/FI									
f)	Any Other									
	<b>Sub- Total (A) (1)</b>	<b>118035930</b>	<b>0</b>	<b>118035930</b>	<b>34.07</b>	<b>118035930</b>	<b>0</b>	<b>118035930</b>	<b>34.07</b>	<b>0.00</b>
<b>(2) Foreign</b>										
a)	NRIs- Individuals									
b)	Other- Individuals									
c)	Bodies Corp.									
d)	Banks/FI									
e)	Any Other									
	<b>Sub- Total (A) (2)</b>									
	<b>Total Shareholding of Promoter (A)= (A) (1) +(A) (2)</b>	<b>118035930</b>	<b>0</b>	<b>118035930</b>	<b>34.07</b>	<b>118035930</b>	<b>0</b>	<b>118035930</b>	<b>34.07</b>	<b>0.00</b>
<b>(B) Public Shareholding</b>										
<b>1) Institutions</b>										
a)	Mutual Funds									
b)	Banks/FI	1418963	0	1418963	.4096	1418963	0	1418963	.4096	0.00
c)	Central Govt									
d)	State Govt (s)									
e)	Venture Capital Funds									
f)	Insurance Companies									
g)	FIs									
h)	Foreign Venture Capital Funds									
i)	Others (specify)									
	<b>Sub- Total (B) (1)</b>	<b>1418963</b>	<b>0</b>	<b>1418963</b>	<b>.4096</b>	<b>1418963</b>	<b>0</b>	<b>1418963</b>	<b>.4096</b>	<b>0.00</b>
<b>2. Non – Institutions</b>										
a)	Bodies Corp.	43992464	79000	44071464	12.72	40821857	79000	40900857	11.86	0.00
i)	Indian									
ii)	Overseas									
b)	Individuals									
i)	Individual Shareholders holding nominal share capital uptoRs. 1 lakh	53382924	764100	54147024	15.63	56377600	13588	57136700	15.63	-4.61



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Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii)	Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	91237937	3000000	94237937	32.88	90119914	68	93119914	27.2	-5.68
c)	Others (Specify)									
	Non Resident Indians (Repat)	4909536	76000	4985536	1.44	5250153	76000	5326153	1.53	-5
	Non Resident Indians (Non Repat)	578711	0	578711	0.17	643065	0	643065	.19	0.00
	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
	Clearing Member	318032	0	318032	0.09	1220223	0	1220223	0.35	0.08
	Market maker	21709	0	21709	0.01	7901	0	7901	.0023	.0037
	Hindu Undivided Family	28537354	0	28537354	0.81	28644294	0	28644294	8.24	-7.43
	Trust	101340	0	101340	0.03	0	0	0	0.00	0
	Sub- Total (B) (2)	223080007	3919100	226999107	65.52	223080007	3919100	226999107	65.52	0.00
	Total Public Shareholding (B)= (B) (1) + (B) (2)	224498970	3919100	228418070	65.93	224498970	3919100	228418070	65.93	0.00
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	342534900	3919100	346454000	100.00	342534900	3919100	346454000	100.00	0.00

## (ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Raj kumari Kanodia	9175000	2.65	100	9175000	2.65	100	0
2	Raj Money Market Limited	94720930	27.34	100	94720930	27.34	100	0
3	RadheshyamKanodia (H U F)	1700000	.49	100	1700000	.49	100	0
4	Savita Agarwal	600000	.17	100	600000	.17	100	0
5	Sushil Kumar Kanodia (HUF)	1648000	.48	100	1648000	.48	100	0
6	Samiksha Kanodia	1574000	.45	100	1574000	.45	100	0
7	Akanksha Jatin Mehta	1818000	.52	100	1818000	.52	100	0
8	Sushil Kumar Kanodia	6800000	1.96	100	6800000	1.96	100	0
		118035930	34.06	100	118035930	34.06	100	0





(iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	Nil			
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)				
	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	FINE FASHION PRIVATE LIMITED	33694203	9.7254			33694203	9.7254
	MARKET SEL			29 Apr 2016	-35000	33659203	9.7153
	MARKET SEL			06 May 2016	-44074	33615129	9.7026
	MARKET SEL			13 May 2016	-157107	33458022	9.6573
	MARKET SEL			27 May 2016	-100	33457922	9.6572
	MARKET SEL			09 Dec 2016	-181257	33276665	9.6049
	MARKET SEL			16 Dec 2016	-439288	32837377	9.4781
	MARKET SEL			23 Dec 2016	-24000	32813377	9.4712
	MARKET SEL			30 Dec 2016	-32006	32781371	9.462
	MARKET SEL			13 Jan 2017	-178378	32602993	9.4105
	MARKET SEL			20 Jan 2017	-618602	31984391	9.2319
	MARKET SEL			24 Feb 2017	-57904	31926487	9.2152
	MARKET SEL			03 Mar 2017	-157878	31768609	9.1696
	MARKET SEL			10 Mar 2017	-23915	31744694	9.1627
	MARKET SEL			31 Mar 2017	-1272879	30471815	8.7953
	AT THE END OF THE YEAR					30471815	8.7953
2	JITENDRA B SALECHA	14000000	4.0409			14000000	4.0409
	AT THE END OF THE YEAR					14000000	4.0409
3	SUBRAMANIAN P	0	0			0	0
	MARKET BUY			14 Oct 2016	12197200	12197200	3.5206
	AT THE END OF THE YEAR					12197200	3.5206



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4	RITU AJAY KANODIA	10450000	3.0163			10450000	3.0163
	MARKET BUY			24 Feb 2017	100	10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
5	SEEMADEVI SURYAKANT KANODIA	10450000	3.0163			10450000	3.0163
	MARKET BUY			24 Feb 2017	100	10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
6	SAMPOODEVI KAILASHCHANDRA KANODIA	10450000	3.0163			10450000	3.0163
	MARKET BUY			24 Feb 2017	100	10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
7	AJAYKUMAR KAILASHCHANDRA KANODIA	10450000	3.0163			10450000	3.0163
	MARKET BUY			24 Feb 2017	100	10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
8	SURYAKANT KAILASHCHAND KANODIA	10450000	3.0163			10450000	3.0163
	MARKET BUY			24 Feb 2017	100	10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
9	SURYAKANT KAILASHCHAND KANODIA	10450000	3.0163			10450000	3.0163
	MARKET BUY			24 Feb 2017	100	10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
10	SANJAY B JAIN	7000000	2.0205			7000000	2.0205
	AT THE END OF THE YEAR					7000000	2.0205

## (v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Category	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
<b>1</b>	<b>Mrs. Rajkumari Kanodia</b>	<b>Director</b>				
	At the beginning of the year		<b>9175000</b>	<b>2.65</b>	<b>9175000</b>	<b>2.65</b>
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)					
	At the End of the year		<b>9175000</b>	<b>2.65</b>	<b>9175000</b>	<b>2.65</b>
<b>2</b>	<b>Mr. Naval Babulal Kanodia</b>	<b>Director</b>				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-



Sr. No.	For Each of the Directors and KMP	Category	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
	At the End of the year		-	-	-	-
<b>3</b>	<b>Mr. Suresh Gupta</b>	<b>Director</b>				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
<b>4</b>	<b>Mr. Prahlad Rai Jajodia</b>	<b>Director</b>				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
<b>5</b>	<b>Bibhuti Bhusan Das</b>	<b>Director</b>				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
<b>6</b>	<b>Mr. Jugal Kishore Pooranmal Pareek</b>	<b>Director</b>				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
<b>7</b>	<b>Mr. Sushil Kumar Kanodia</b>	<b>CEO &amp; CFO</b>				
	At the beginning of the year					
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)					
	At the End of the year					
<b>8</b>	<b>Ms. Deepa Gehani</b>	<b>Company Secretary</b>				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-



# RAJ RAYON INDUSTRIES LIMITED

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but bit due for payment

(Rs in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	58,376	1098	-	59474
ii) Interest due but not paid				
iii) Interest accrued but not due	4,564	148		4,712
Total (i+ii+iii)	62,940	1,246	-	64,186
Change in Indebtedness during the financial year	940	-		940
• Addition	10	98		108
• Reduction				
Net Change	930	(98)		832
Indebtedness at the end of the financial year				
i) Principal Amount	59,306	1,000		60,306
ii) Interest due but not paid				
iii) Interest accrued but not due	4,953	114		5,067
Total ( i+ ii+ iii)	64,259	1,114		65,373

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Mr. Naval Babulal Kanodia Whole Time Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	300000	300000
	(b) Value of perquisites u/s. 17 (2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of Salary under section 17 (3) Income – tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - Others, specify	-	-
5	Others, please specify	-	-
	Total (A)	3,00,000	3,00,000
	Ceiling as per the Act	As per Schedule V of Companies Act, 2013	



**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Suresh Gupta	Jugal Kishore Pooranmal Pareek	Mr. Prahlad Rai Jajodia	
					-
1.	<b>Independent Directors</b>	-		-	-
	• Fee for attending board committee meetings	15,000	10,000	20,000	45,000
	• Commission	-		-	-
	• Others, please specify	-		-	-
	<b>Total (1)</b>	<b>15,000</b>	<b>10,000</b>	<b>20,000</b>	<b>45,000</b>
2.	<b>Other Non- Executive Directors</b>	Mrs. Rajkumari Kanodia		-	-
	• Fee for attending board committee meetings	15,000		-	15,000
	• Commission	-		-	-
	• Others, please specify	-		-	-
	<b>Total (2)</b>	<b>15,000</b>		<b>-</b>	<b>15,000</b>
	<b>Total (B) = (1+2)</b>	<b>-</b>		<b>-</b>	<b>60,000</b>
	<b>Total Managerial Remuneration</b>				
	<b>Overall Ceiling as per the Act</b>		<b>As per Schedule V of Companies Act, 2013</b>		

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sushil Kumar Kanodia CEO & CFO	Ms. DeepaGehani Company Secretary	Total
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	2676000	4,61,532	3137532
	(b) Value of perquisites u/s. 17 (2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of Salary under section 17 (3) Income – tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, specify..	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>2676000</b>	<b>4,61,532</b>	<b>3137532</b>



# RAJ RAYON INDUSTRIES LIMITED

## VII PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of the Directors

SD/-  
Rajkumari Kanodia  
Non Executive Chairperson & Director

Place: Mumbai  
Dated: 14th August, 2017

**SECRETARIAL AUDIT REPORT**

For the Financial year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Raj Rayon Industries Limited** (hereinafter called "the Company"). 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 our verification of the Company'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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ("the audit period") 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under (including the applicable provisions of Companies Act, 1956 in force during the Audit period);
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period);
5. 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;
  - 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);
6. As per the Management there are no industry Specific Act applicable to the Company.

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

- a. Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India and notified by the Government.
- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that, as per the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, M/s Fine Fashion Pvt. Ltd. falls in to 'Promoter and Promoter Group' but the same has been inadvertently missed out to



## RAJ RAYON INDUSTRIES LIMITED

reclassify in 'Promoter or Promoter Group.' The Company has made all prudent efforts to communicate the same to the Stock Exchanges and has requested for the procedure to reclassify as mentioned above. However, the procedure is not yet being communicated by Stock Exchanges till the date of this report.

We further report that, the Company's account stands exited from CDR Mechanism.

We further report that, *due to defaults in payments of Bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the bankers under Consortium.*

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Notice is given to all the 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**We 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.

**We further report that** during the audit period the Company had not made any investment in equity shares.

There were no instances of:

- i. Public/Rights/ Debentures/ Sweat Equity.
- ii. Redemption / Buy-back of Securities.
- iii. Major decisions taken by under section 180 of the Companies Act, 2013.
- iv. Merger /Amalgamation /Reconstruction, etc.
- v. Foreign Technical Collaborations.

**For A. V. Shah & Associates**  
Practicing Company Secretaries  
**Amisha Shah**  
Proprietor  
C.P. No.: 13399  
Membership No.: F8798

Date: August 14, 2017

Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

### Annexure A

To,

The Members,

**Raj Rayon Industries Limited**

CIN: **L17120DN1993PLC000368**

R.O.: SURVEY NO 177/1/3,

VILLAGE SURANGI,

SILVASSA, DN: 396230

Our report of even date is to be read along with the letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. We have followed the audit practices and processes as was 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 processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our 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.

**For A. V. Shah & Associates**  
Practicing Company Secretaries  
**Amisha Shah**  
Proprietor  
C.P. No.: 13399  
Membership No.: F8798

Date: August 14, 2017

Place: Mumbai





**Annexure-4**

(l)	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 2016-17 are as under				
	<b>Director's/ KMP/ Manager's Name</b>	<b>Remuneration of Director/KMP for financial year 2016-17</b>	<b>% increase in Remuneration in the Financial Year 2016-17</b>	<b>Ratio to median remuneration</b>	<b>Comparison of the Remuneration of the KMP against the performance of the Company</b>
1	Mr. Naval Babulal Kanodia Whole Time Director	300000	Nil	1.79	The Company incurred a Net Loss of Rs. 6628.82 Lakhs for the year ended March 31, 2017 as compared to previous year's ended March 31, 2016 Net Loss of 28667.79 Lakhs.
2	Mr. Sushil Kumar Kanodia CEO & Chief Financial Officer	2676000	Nil	15.93	
3	Miss Deepa Gehani Company Secretary	461532	N.A.	2.98	

Miss Deepa Gehani has resigned with effect from July , 19 2017

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

Percentage increase in the median remuneration of employees in the financial year 2016-17 compared to 2015-16	2016-17	2015-16	Increase (%)	
	168000	168000	-	
Number of permanent employees on the rolls of the company as on 31-03-2017	319			
Average percentile increase in salaries of Employees other than managerial Personnel	2016-17	2015-16	Increase (%)	
Percentile increase in the managerial remuneration	WTD	3,00,000	3,00,000	NL
Comparison of above	Remuneration of Managerial Personnel not increased during the year as compared to other employees of the Company.			



# RAJ RAYON INDUSTRIES LIMITED

## FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts/arrangements/transaction	-
c)	Duration of the contracts/arrangements/transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions'	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Fine Fashion Private Limited
b)	Nature of contracts/arrangements/transaction	Sale/Purchase
c)	Duration of the contracts/arrangements/transaction	1 Year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	30 <sup>th</sup> May, 2016
f)	Amount paid as advances, if any	Nil



## MANAGEMENT DISCUSSION AND ANALYSIS

### Forward-Looking Statements

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

### Overview

#### General:

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

#### Financial:

During the year the Company has registered:

- Net Sales and other income of Rs. 27,429.73 Lakhs as compared to Rs. 45,176.57 Lakhs of previous year.
- PBT for the year was ( Rs.(6,628.82) Lakhs as compared to ( Rs.28,667.79) Lakhs of previous year.
- The Company incurred Cash losses of Rs. 8488.58 Lakhs as compared to Cash losses of Rs. 23833.1 Lakhs of previous year.
- The Company incurred a Net Loss of Rs. (6,628.82) Lakhs & EPS of (Rs. 1.91) as compared to Net Loss of Rs. (28,667.79) Lakhs & EPS of (8.40) of previous year.
- Export of the Company during the year was Rs. 4,530.25 Lakhs.

#### Industry outlook:

##### Indian Textile Industry Overview

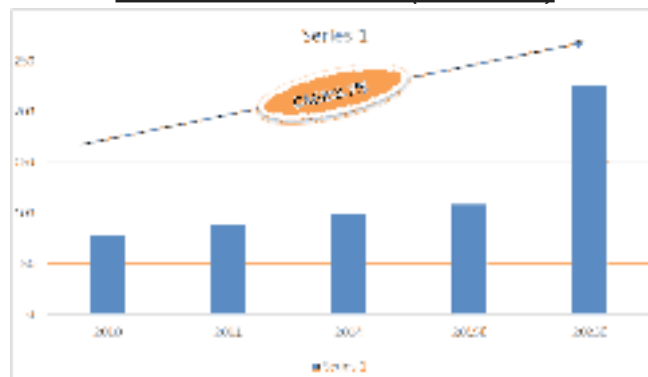
India is the second largest manufacturer of textile and apparel in the world after China. Make in India campaign was launched to attract manufacturers and FDI. Technology Mission for Technical Textile has been continued. Under Union Budget 2015-16, government of India has allocated around USD584.49 million for Textile Industry. The major focus

of this Budget is to attract the manufacturers, technology upgradation, Integrated textiles parks, etc. Measures were also announced to be taken to foster faster clearance of import and export.

Textile plays a major role in the Indian economy

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

##### India's textile market size (USD billion)



Source: Technopak, Make in India, News articles, Ministry of Textiles, TechSci Research

##### Global Polyester Sector Scenario

The current global apparel market is estimated at US\$1,100bn with trade value of US\$700bn.

Growing at a CAGR of 5% per year and reaching US\$2,100bn by 2025. The growth rate of the developed countries will slow down and the big emerging economies like China, India will be the key driver of growth. Processing activities for export will switch partly from China to other countries. Global textile and apparel value chain attracts investment worth US\$350bn over the period of 2012- 2025.

The global consumption is expected to grow at a rate of 4% from 2010 to 2020. Whereas a higher growth rate of 9%, is expected in India.

##### Market Demand

The global fibre and textile industry has faced demand recession in consumer segment during the few years due to volatile economic situation in the US & Europe and geopolitical disturbances in Africa and the Middle East Region. Only Asia's fibre consumption has managed to increase modestly while that for the rest of the world declined.

The slowdown in economy led to muted growth of polyester demand, whereas the capacity was surplus. This caused



# RAJ RAYON INDUSTRIES LIMITED

price reduction of yarns as buyers turned cautious given the slow downstream demand and few units closed to cut losses. As the result the overall market liquidity suffered.

## **Challenges for Polyester Industry**

Polyester based textile industry of India faces following challenges over the common challenges faced by Indian textile industry:

- Absence of Value added Textile manufacturing
- Disparity of excise duty between cotton and Manmade - The industry has witnessed a discrimination against cotton in form of higher excise and custom duties. 5% custom duty, 4% special addition duty and 12.36 % excise duty or countervailing duty beside antidumping duty leads to cost 22% higher amount for MMF as compared to international prices.
- Weak Links in Polyester Based Textile Value Chain – Fabric manufacturing and processing are the two major weak links in the polyester based value chain. These two segments are catered by small and medium scale capacity units, which tend to use old technology and do not follow the standard norms of manufacturing sector.

**Source: Wazir Advisors**

## **Opportunities:**

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

## **Threats:**

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

## **Internal Controls:**

RRIL's well defined organisation structure, policy guidelines, predefined authority levels and an extensive system of internal controls, ensure optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- RRIL has adequate system of internal control in place to ensure that assets are safeguarded against loss from

unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.

- RRIL's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations and policies, plans and statutory requirements.
- RRIL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- RRIL's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.

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

## **Research & Development:**

The Company always strives to be innovative and cost competitive, aided by its fully equipped R & D facilities. Besides producing POY of Denier range fine to coarse, the Company's array of products includes yarn of various cross sections namely Round, Trilobal and Octalobal, as also Full Dull, Semi Dull, Bright Yarns, Cationic Yarn, Doped Dyed Yarn, Fire Retardant and Anti Microbial yarns.

## **Quality Management:**

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

## **Environment and Safety:**

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

## **Human Resources and Industrial Relations:**

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

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



## REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Report for the year under review from

1st April, 2016 to 31st March, 2017

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

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

### 2. CORPORATE GOVERNANCE FRAMEWORK:

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.

### 3. BOARD OF DIRECTORS - COMPOSITION:

The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors (IDs) to maintain the independence of the Board, and separate its functions of governance and management. Listing regulations mandates that for a company with Non-executive Chairman (Promoter Director), at least one-half of the Board should be Independent Directors. As on 31<sup>st</sup> March, 2017 Board consist six (6) members out of one is Whole-time Director (Executive Director), three are independent directors and one is Nominee Director.

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

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

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

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

#### a) Number of Board, Committee of Board Meetings and Attendance Record of the Directors:

During the year ended 31<sup>st</sup> March, 2017, the Company had **Five (5)** Board Meetings. These meetings were held on the following date(s):

05/04/2016, 30/05/2016, 12/08/2016, 12/11/2016, 10/02/2017.



# RAJ RAYON INDUSTRIES LIMITED

The composition of Board of Directors and the attendance at the Board Meetings and also number of other directorships and Committee memberships during the year under review and the last Annual General Meeting are given below:

Sr. No.	Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at the Last AGM	No. of other Public Company Directorship*	No. of other Public Company Committee Memberships and Chairmanships#	
						Chairman	Member
1.	<b>Mrs. Rajkumari Kanodia</b>	Non Executive Chairperson & Promoter Director	4	YES	-	-	-
2.	<b>Mr. Naval Babulal Kanodia</b>	Executive Director	5	YES	-	-	-
3.	<b>Mr. Suresh Gupta</b>	Non Executive & Independent Director	4	YES	-	-	-
4.	<b>Mr. Prahlad Rai Jajodia</b>	Non Executive & Independent Director	5	YES	-	-	-
5.	<b>Mr. Jugal Kishore Pooranmal Pareek</b>	Non Executive & Independent Director	2	YES			
6.	<b>Bibhuti Bhushan Das</b>	Nominee Director	4	YES			

\* Directorships in private and Foreign Companies, if any, are excluded.

#Memberships of only Audit Committee and Stakeholders Relationship Committee.

### **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 atleast one separate meeting in a year without the presence of Non-independent Directors and members of the Management. These meetings are expected to review the following:

- review the performance of non-independent directors and the Board as a whole,
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- to assess the quality, quantity and timeliness of flow of information between the company management and the Board.

During the financial year Separate Independent Directors Meeting was held on 09<sup>th</sup> March, 2017.

### **b) Directors Profile:**

Brief resume of all the Directors, nature of their expertise in specific functional areas are provided below:

#### **i) Mrs. Rajkumari Kanodia:**

Mrs. Rajkumari Kanodia, aged 57 years, is one of the main promoters of your company. Mrs. Kanodia, a H.S.C, has experience in the textile field for about 20 years.

She was appointed as Director of the Company on 28<sup>th</sup> February, 2003. She is a member of the Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Allotment Committee of the Board.

Mrs. Kanodia has been re-designated from Non Executive Promoter Director to Non Executive Chairperson of the Company w.e.f. 28<sup>th</sup> March, 2014.

Mrs. Rajkumari Kanodia is neither Director nor Member of the committees of the Board of any other Company. She holds 9175000 Equity Shares in the Company as on 31<sup>st</sup> March, 2017.

#### **ii) Mr. Naval Babulal Kanodia:**

Mr. Naval Babulal Kanodia, aged 48 years, is a HSC. He was appointed as an Additional Director (Executive Director) w.e.f. 28<sup>th</sup> March, 2014 and confirmed as Whole Time Director in the Annual General Meeting held on 30<sup>th</sup> September, 2014. He has very rich experience and exposure in textile sector. He is a Chairman of Corporate Social Responsibility Committee and Member of Allotment Committee of our Board.

Mr. Naval Babulal Kanodia is neither Director nor Member of the committees of the Board of any other Company. He does not hold any Equity Shares in the Company as on 31<sup>st</sup> March, 2017.

**iii) Mr. Suresh Gupta:**

Mr. Suresh Gupta, aged 62 years, is B.Com. He was appointed as an Additional Director w.e.f. 27<sup>th</sup> May, 2013 and was regularised as Director in Annual General Meeting held on 30<sup>th</sup> September, 2013. He has good experience and exposure in textile sector.

He is member of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment Committee of our Board.

Mr. Suresh Gupta is neither Director nor Member of the committees of the Board of any other Company. He has resigned on 31<sup>st</sup> March, 2017

**iv) Mr. Prahlad Rai Jajodia:**

Mr. Prahlad Rai Jajodia, aged 67 years, is a HSC. He was appointed as an Additional Director w.e.f. 18<sup>th</sup> March, 2014 and was regularized as Director in Annual General Meeting held on 30<sup>th</sup> September, 2014. He has good experience and exposure in textile sector. He is Chairman of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Allotment Committee of the Board.

Mr. Prahlad Rai Jajodia is neither Director nor Member of the committees of the Board of any other Company. He does not hold any Equity Shares in the Company as on 31<sup>st</sup> March, 2017.

**v) Mr. Jugal kishore Pooranmal Pareek**

Mr. Jugal Kishore Pooranmal Pareek was appointed as an Additional Independent Director w.e.f. August 12, 2016. He was regularize in a Annual general Meeting held on September 30, 2016 He has good experience of of textile Sector.

**vi) Bibhuti Bhushan Das:**

Mr. Bibhuti bhushan Das was appointed as Nominee Director w.e.f. from April 5, 2016 as formal letter provided by the lenders of the company.

**c) Responsibilities:**

The Board of Directors responsibilities include review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory/regulatory requirements and review of major legal issues

- Adoption of Quarterly results/Annual results
- Transaction pertaining to purchase and disposal of property, major provisions and write offs

**4. DIRECTORS INTEREST IN THE COMPANY:**

For the sake of transparency, the Company is committed to make full disclosures regarding the interest of and payments to all Directors. During the year under review, the Company has paid sitting fees to Independent Directors. Further, it is not a policy of the Company to give loans and advances to its Directors.

**Code of conduct:**

The Board of Directors has adopted the CODE OF CONDUCT to be observed by all Directors and Senior Management while performing their official duties and responsibilities. The code of conduct is posted on the website of the Company. www.rajrayon.com

All Directors and designated Senior Management cadre of the Company have affirmed compliance of the code for the year under review. The declaration to this effect signed by the Chairman is annexed to this report.

**CEO/CFO CERTIFICATION:**

The Chief Executive Officer and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

**5. AUDIT COMMITTEE:**

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 of Audit Committee:**

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

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

Sr. No.	Name	Category	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. Prahlad Rai Jajodia	NED (I)	Chairman	4	4



## RAJ RAYON INDUSTRIES LIMITED

2.	Mrs. Rajkumari Kanodia	NED	Member	4	4
3.	Mr. Suresh Gupta	NED (I)	Member	4	4

The Statutory Auditors and the Internal Auditors are the permanent invitees to the Audit Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

### Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 30/05/2016, 12/08/2016, 12/11/2016 and 10/02/2017.

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:

1. Overseeing your Company's Financial Reporting process and the disclosure of its information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Sec 134(3)(c) of the Companies Act 2013;
  - b. Changes in the accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgments by management and significant adjustments made in the financial statements arising out of audit findings;
  - c. Compliance with the Listing Regulations and other legal requirements relating to financial statements.
  - d. Disclosure of any related party transactions; and
  - e. Qualifications in the draft audit report, if any.
5. Reviewing the financial statements of unlisted subsidiary company and investments made by the unlisted subsidiary companies.
6. Reviewing and considering the following with respect to appointment of auditors before recommending to Board:
  - a. Qualifications and experience of the individual/firm proposed to be considered for appointment as auditors;
  - b. Whether such qualifications and experience are commensurate with the size and requirements of the company; and
  - c. Giving due regard to any order or pending proceedings relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any court.
7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, fixing audit fees and approving payments of any other service;
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9. Reviewing and approving quarterly and yearly management representation letters to the Statutory auditors;
10. Reviewing management letters/letters of internal control weakness issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit and process;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;
14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the company.
16. Discussion with the internal auditors on internal audit reports relating to internal control weakness and any other significant findings and follow-up thereon;
17. Reviewing the internal investigations by the internal auditors in to matters where there is a suspected fraud or irregularity of failure of internal control systems of a material nature and reporting the matter to the Board;
18. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the company by its officers/employees;
19. Approval or subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related parties to an office or place of profit in the Company, its subsidiary company or associate company;
20. Reviewing the statements of significant related party





transactions submitted by the management;

21. Reviewing and Scrutinizing the inter-corporate loans and investments;
22. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same.
23. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
24. Approving the auditors (appointed under the Companies Act, 2013) to render any service other than consulting and specialized services;
25. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions; and
26. Any other matter referred to by the Board of Directors.

Detailed terms of reference are also placed on the website of the Company at [www.rajrayon.com](http://www.rajrayon.com)

**6. 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:

Sr. No.	Name	Category	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. Prahlad Rai Jajodia	NED (I)	Chairman	3	3
2.	Mrs. Rajkumari Kanodia	NED	Member	3	3
3.	Mr. Suresh Gupta	NED (I)	Member	3	3

During the year under review three (3) meeting were held on 04<sup>th</sup> April 2016 , 12<sup>th</sup> August 2016, 09<sup>th</sup> March , 2017

Pursuant to the provision of Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee carried out evaluation of every Director's performance for the financial year 2016-17

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of law and the Nomination and Remuneration policy:

1. Formulate a criteria for determining qualifications, positive attributes and independence of a director;

2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
3. Devise a policy on Board Diversity;
4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. Carry out the evaluation of every director's performance and formulate criteria for evaluation of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
6. Reviewing and recommending to the Board, the remuneration payable to Directors of your Company; and
7. Undertake any other matters as the Board may decide from time to time.

Detailed terms of reference are also placed on the website of the company at <http://rajrayonindustries.com/Pdf/policy-nomination-remuneration-and-evaluation.pdf>

The Nomination and remuneration policy provides for appropriate composition of Executive, Non-Executive and Independent Director on the Board of Directors of your company along with criteria for appointment and remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section 3 of Section 178 of the Companies Act, 2013. The remuneration paid to directors is as per the terms laid out in the Nomination and Remuneration policy of your company.

• **Policy For Selection And Appointment of Directors and their Remuneration:**

Policy on Nomination, Remuneration and Evaluation has been annexed to the Board Report.

*Details of Remuneration paid to Mr. Naval Babulal Kanodia who is the Whole Time Director of the Company Directors are given below:*

Sr. No	Particulars	Mr. Naval Babulal Kanodia	
a)	Salary	Rs.in Lakhs	3.00
b)	Fixed Component-Cont. to P. F.	Rs. in Lakhs	0
c)	Bonus Benefits & other Allowances	Rs. in Lakhs	NIL
d)	Service Contract	Years	3
e)	Notice Period	Months	3
f)	Severance Fees	Rs. in Lakhs	NIL



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Sitting fees Rs. 5,000 was paid to each independent director as for the Financial Year 2016-17. The remuneration package of Executive Directors includes only salary which is a fixed component. There are no performance linked incentives. As per the agreement entered between the Company and the Executive Directors as mentioned above, term of appointment is three years from the date of appointment. The notice period is of 1 months before the date on which the termination shall come in to effect. Severance fees are not applicable. No stock option has been issued.

The Nomination and Remuneration Committee reviews the performance of the senior management of your company. The Committee ensures that remuneration to the Key Managerial Personnel and Senior Management involves a balance between fixed pay and long term performance objectives appropriate to the working of your Company and its goals.

## 7. ALLOTMENT COMMITTEE:

The Board in order to expedite the various issues relating to the issue of Convertible Warrants or allotment of any other form of Shares or Securities, has constituted a Committee of Directors to oversee the compliances of provisions under the Companies Act, 2013 erstwhile Companies Act, 1956 and with other statutory authorities, constituted an Allotment Committee w.e.f. 15<sup>th</sup> January, 2009.

The composition of Allotment Committee is as follows:

Sr. No.	Name of the Directors	Status
1.	Mr. Suresh Gupta	Independent Director – Chairman
2.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member
3.	Mr. Prahlad Rai Jajodia	Independent Director – Member
4.	Mr. Naval Babulal Kanodia	Executive Director - Member

There was no meeting held during the year under review.

## 8. STAKEHOLDER RELATIONSHIP COMMITTEE:

The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 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:

Sr. No.	Name	Category	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. Prahlad Rai Jajodia	NED (I)	Chairman	4	4
2.	Mrs. Rajkumari Kanodia	NED	Member	4	4
3.	Mr. Prahlad Rai Jajodia	NED (I)	Member	4	4

The Committee met five(4) times during the year under review, on the following dates: 04/04/2016, 20/07/2016, 20/10/2016, and 20/01/2017.

The Committee inter-alia, approves share transfer, issue of duplicate certificates and oversees and reviews all matters relating to transfer of securities of the Company. The Committee also look into redressal of shareholders/ investors complaints in regard to transfer of shares, non-receipt of Annual Report, dividend etc.

The Committee oversees the performance of the Registrars and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors the implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

## 9. Compliance Officer:

The Company Secretary & Compliance Officer of the company Ms. Deepa Gehani, has resigned w.e.f 19<sup>th</sup> July, 2017 .

## 10. Risk Management:

Disclosure under Risk Management has been given in the Directors Report. Policy on Risk Management has been placed on the website of the Company at <http://www.rajrayon.com/other-information/>.

## 11. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In compliance with Section 135 of Companies Act, 2013 read with Schedule VII and rules made thereunder the Company has constituted a Corporate Social Responsibility (CSR) Committee. The committee will formulate the CSR policies as per the said act and explore the areas or activities in which the Company should spend. However due to losses suffered and your company been into Corporate Debt Restructuring (CDR), also consortium of lenders have invoked Strategic Debt Restructuring Scheme as per circular issued by RBI. we didn't spend into any CSR activities/projects. However your Company is enthusiastic to serve the society at large, which it will do in the coming years.



The composition of the committee is as under:

Sr. No.	Name of the Members	Status
1.	Mr. Naval Babulal Kanodia	Whole time Director
2.	Mrs. Rajkumari Kanodia	Director
3.	Mr. Prahlad Rai Jajodia	Director

During the year under review there were no committee meeting held by the Company.

#### 12. Investor Grievance Redressal:

The total number of complaints received, and replied to the satisfaction of the shareholders, during the year ended 31<sup>st</sup> March, 2017 was two (02). Outstanding complaints as on 31<sup>st</sup> March, 2017 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2016-2017. No request for transfer and dematerialisation were pending as on 31<sup>st</sup> March, 2017.

#### 13. Familiarization Programme For Independent Directors:

Your Company has in place a policy to familiarize the Independent Directors with the Company, their roles,

rights, responsibilities in the company, nature of the industry in which the Company operates, business model of the company, etc., through various programs. They are updated on all business related issues and new initiatives. They are also informed of the important policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading. The details of such familiarization programs are disclosed in the website of the Company.

**Policylink:** <http://rajrayonindustries.com/admin/Pdf/Familiarization%20Programmes%20for%20Independent%20Directors.pdf>

#### 14. COMPLIANCE WITH ACCOUNTING STANDARDS:

In the preparation of the financial statements, the Company has followed the Standards on Auditing as specified under section 143(10) of companies act, 2013 and other provisions of section 133 read with Rule 7 of the Companies (Accounts) Rules, 2014.

#### 15. 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.



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### 16. DISCLOSURES:

#### I General Body Meetings:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2012-2013 AGM	30-09-2013	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	Increase in remuneration of Mr. Sushil Kumar Kanodia, Chief Executive Officer pursuant to Section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2011 from ₹ 40,000/- p.m. to an amount not exceeding to ₹ 2,50,000 p.m.
2013-2014 AGM	30-09-2014	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	i) Appointment of Mr. Suresh Gupta as an Independent Director for a period of 5 years commencing from 30 <sup>th</sup> September, 2014. ii) Appointment of Mr. Prahlad Rai Jajodia as an Independent Director for a period of 5 years commencing from 30 <sup>th</sup> September, 2014. iii) Appointment of Mr. Naval Babulal Kanodia as a Director liable to retire by rotation and as a Whole-time Director of the Company for a period of three years with effect from 02 <sup>nd</sup> June, 2014. iv) Special Resolution under Section 180 (1) (c) of the Companies Act, 2013 for borrowing money upto ` 3500 crores over and above the aggregate of the paid up share capital and free reserves of the Company. v) Special Resolution under Section 180 (1) (a) of the Companies Act, 2013 to create charge and/ or mortgage whole or substantially whole of the company's one or more undertakings. vi) Approval of remuneration payable to Cost Auditor of the Company. vii) Approval under Section 188 (1) (f) of the Companies Act, 2013 for appointment of Mr. Sushil Kumar Kanodia, relative of Director as Chief Executive Officer and Chief Financial Officer of the Company.
2014-2015 AGM				1) Approval under section 188 of companies act, 2013 & clause 49 of listing agreement for enter into transaction with related parties for maximum amount of Rs. 150.00 crs. 2) Approval of remuneration payable to Cost Auditor of the Company. 3) Approval of resolution passed under section 23 Of Sick Industrial (Special Provisions) Act, 1985
2015-2016 AGM				1) Approval under section 188 of companies act, 2013 & Regulation 23 of SEBI (Listing Obligation and Disclosure Regulations) 2015 for enter into transaction with related parties for maximum amount of Rs. 150.00 crs.
				2) Approval of remuneration payable to Cost Auditor of the Company.

**Postal Ballot:**

During the year ended on 31<sup>st</sup> March, 2017, there were no special resolutions passed by the Company by way of Postal Ballot.

**Extra Ordinary General Meeting:**

During the year ended on 31<sup>st</sup> March, 2017, there were no special resolutions passed by the Company by way of Extra Ordinary General Meeting.

**II (a) Related Party Transactions:**

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management or Relatives etc. that may have potential conflict with the interest of the Company at large.

Attention of members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Note No. 34, forming part of Annual Report.

All the related party transactions in the ordinary course of business are placed periodically before the Audit Committee and they are negotiated on arms length basis and are only intended to further the interest of the Company.

The Policy on Materiality of Related Party Transaction is available on our website:

<http://rajrayon.colorsopus.in/images/Policy%20on%20Materiality%20of%20Related%20Party%20Transaction.pdf>

**(b) Listing Agreement:**

The Company has complied with all requirements of the Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory body/authority for non-compliance of any matter related to the capital markets during the last three years.

**(c) Whistle Blower Policy:**

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers, shareholders and business associates in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior;

Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee and/or a

business associate. In accordance with Regulation 22 of the Listing Regulations your Company has adopted a Whistle Blower Policy with an objective to provide its employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with your Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication;

The Whistleblower Policy is available on our website:

<http://rajrayonindustries.com/admin/Pdf/Whistleblower%20Policy.pdf>

**III Disclosures on Risk Management:**

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimisation procedures and the same is reviewed by the Board periodically.

In compliance with the provisions of Companies Act, 2013 read with the Rules framed there under SEBI Listing Regulations (as amended by SEBI Circular dated 17<sup>th</sup> April, 2014 and 15<sup>th</sup> September, 2014) the Company has constituted a Risk Management Committee in its Board of Directors meeting held on 14<sup>th</sup> November, 2014 to formulate policy for framing, implementing and monitoring the risk management plan.

The Board of Directors has adopted the Risk Management policy for minimisation of various risks to be dealt by the company.

However as per Regulation 21 of SEBI(Listing Obligations & Disclosure Requirement) Regulations, 2015 as applicable from 1<sup>st</sup> December, 2015 Risk management Committee shall be applicable only to top 100 companies, However for better compliance of Corporate Governance your company has constituted Risk Management Committee.

The composition of the committee is as under:

Sr. No.	Name of the Members	Status
1.	Mr. Naval Babulal Kanodia	Whole time Director
2.	Mrs. Rajkumari Kanodia	Director
3.	Mr. Prahlad Rai Jajodia	Director
4.	Mr. Sushil Kumar Kanodia	CEO and CFO

The Risk Management Policy is available on our website:

**Policy Link:** <http://rajrayonindustries.com/admin/Pdf/risk-management-policy.pdf>



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### 17. MEANS OF COMMUNICATIONS:

<b>Publication of Quarterly Results</b>	Quarterly Results are published in ' <b>The Financial Express</b> ', Ahmedabad edition in English and Gujarati and in ' <b>The Financial Express</b> ', in English in all edition newspapers and also displayed on the Company's website <a href="http://www.rajrayon.com">www.rajrayon.com</a> .
<b>Website</b>	<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
<b>Stock Exchange</b>	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 <b><u>NEAPS (NSE Electronic Application Processing System)</u></b> NEAPS is a web-based application designed by NSE for corporates. <b><u>BSE Corporate Compliance &amp; the Listing Centre</u></b> 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. <b>Corpfilings:</b> Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on <a href="http://www.corpfilings.co.in">www.corpfilings.co.in</a> .
<b>SEBI Complaints Redress System (SCORES)</b>	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.
<b>Whether it also displays official news releases</b>	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> .
<b>Annual Report</b>	Annual Reports are sent to each shareholder at their address registered or on their e-mail address registered with the Company/R&TA/Depositories. Corporate Governance Certificate, as required under Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1 <sup>st</sup> April, 2015 to 30 <sup>th</sup> November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 <sup>st</sup> December, 2015 to 31 <sup>st</sup> March, 2016, obtained from Auditors of the Company and Management Discussion & Analysis Report are attached to this report.
<b>The presentations made to institutional investors or to the analysts</b>	N.A.

**18. GENERAL SHAREHOLDER INFORMATION:**

AGM Date	20 <sup>th</sup> September, 2017
Time	10.00 A.M.
Venue	<b>Registered office:</b> Survey No. 177/1/3, Village–Surangi, Dist–Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)
Corporate Office	<b>Corporate office:</b> 5-C, 196/197, “Akshay” Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai – 400 059, Maharashtra (INDIA) Tel: 91-22- 40343434, Fax: 91-22- 40343400 E-mail: <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.) – 396 230(INDIA) 2) Survey No. 185/1/1, Plot No.17, Dokmandi, Village - Amla, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) 3) Survey No. 177/1/3, Village – Surangi, Dist - Silvassa, Dadra and Nagar Haveli (U.T.) - 396 230(INDIA)
Financial Year	April 1, 2016 to March 31, 2017
Book Closure Date	14 <sup>th</sup> September, 2017 to 20 <sup>th</sup> September,2017(both days Inclusive) for 24 <sup>th</sup> Annual General Meeting.
Dividend	Not Declared for the financial Year 2016-17
Listing of Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited
Stock Code	BSE-530699 NSE Symbol-RAJRAYON
Demat ISIN No.	INE533D01024
CIN	L17120DN1993PLC000368
Financial Calender	<b>Financial Year:</b> <b>1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017</b> Results for the quarter ending June 30, 2016 Mid week of August, 2016 Results for quarter ending September 30, 2016 Mid week of November, 2016 Results for quarter ending December 31, 2016 Mid week of February, 2016 Results for year ending March 31, 2017 Last week of May, 2017 Annual General Meeting September, 2017
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:022 4918 6000 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>



# RAJ RAYON INDUSTRIES LIMITED

Address for Corressondance	<p>Enquiries, if any relating to shareholder accounting records, share transfers, 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:</p> <p><b>Link Intime India Private Limited</b>                  247, Lal Bahadur Shastri Marg, Surya Nagar,                  Gandhi Nagar, Vikhroli West,                  Mumbai, Maharashtra 400083                  Phone:022 4918 6000                  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) Directly to the Company to:</b>  <b>Director</b>  <b>Raj Rayon Industries Ltd.</b>  <b>Corporate office:</b>                  5-C, 196/197, "Akshay" Mittal Industrial Estate,                  Sakinaka, Andheri (East), Mumbai – 400 059, Maharashtra (INDIA)                  Tel: 91-22- 40343434, Fax: 91-22- 40343400                  E-mail: <a href="mailto:investors@rajrayon.com">investors@rajrayon.com</a>                  Tel Nos.:022-40343434,40343412                  Fax Nos.: 40343400</p>
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Listing fees have been paid to Bombay Stock Exchange Ltd and National Stock Exchange India Ltd., for the Financial Year 2016-17

**(b) Market Price Data:**

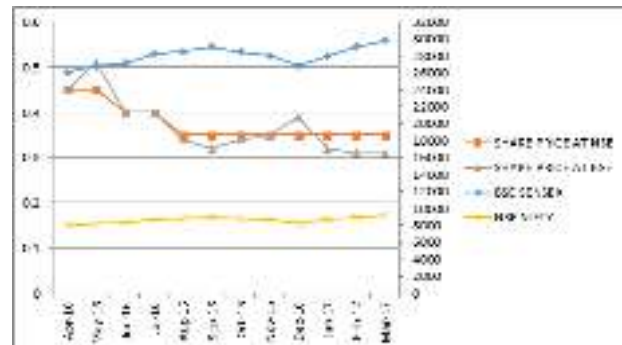
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd; and National Stock Exchange of India Ltd; are as follows:

Month	Bombay Stock Exchange (Amount in Rs. )		National Stock Exchange (Amount in Rs. )	
	High	Low	High	Low
April, 2016	0.45	0.35	0.45	0.35
May, 2016	0.51	0.35	0.45	0.35
June, 2016	0.40	0.30	0.40	0.30
July, 2016	0.40	0.30	0.40	0.30
August, 2016	0.34	0.25	0.35	0.25
September, 2016	0.32	0.25	0.35	0.25
October, 2016	0.34	0.26	0.35	0.25
November, 2016	0.35	0.29	0.35	0.25
December, 2016	0.39	0.28	0.35	0.25
January, 2017	0.32	0.27	0.35	0.25
February, 2017	0.31	0.26	0.35	0.25
March, 2017	0.31	0.25	0.35	0.20

	BSE SENSEX	SHARE PRICE AT NSE	SHARE PRICE AT BSE	NSE NIFTY
Apr-16	26100.54	0.45	0.45	7,992.00
May-16	26837.2	0.45	0.51	8,213.60
Jun-16	27105.41	0.4	0.4	8,308.15
Jul-16	28240.2	0.4	0.4	8,674.70
Aug-16	28532.25	0.35	0.34	8,819.20
Sep-16	29077.28	0.35	0.32	8,968.70
Oct-16	28477.65	0.35	0.34	8,806.95
Nov-16	28029.8	0.35	0.35	8,669.60
Dec-16	26803.76	0.35	0.39	8,274.95
Jan-17	27980.39	0.35	0.32	8,672.70
Feb-17	29065.31	0.35	0.31	8,982.15
Mar-17	29824.62	0.35	0.31	9,218.40

**Performance in comparison to broad-based Indices:**

The Performance of the Company's shares relative to the BSE, Sensitive Index (SENSEX) , NSE Sensitive Index (NIFTY) is given in the Chart below:







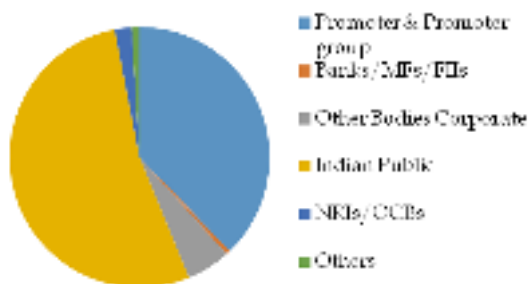
**(c) Share Transfer System:**

Stakeholder Relationship Committee constituted by the Board considers and approves all physical form shares related issues, transfers, transmission, transposition, remat of shares, deletion of name of deceased shareholder(s) from share certificates, issue of duplicate/renewed/subdivided/ consolidated/replaced share certificate(s) etc. The transfer formalities are attended to on fortnightly basis by the nominated Registrars & Share Transfer Agents.

**(d) Distribution of shareholding as on 31<sup>st</sup> March, 2017**  
is as under :

Share holding of nominal value of Rupees (Rs.)	No. of Share holders	% of Share holders	Share Holding (Rs.)	% of Share Holding
Up to 500	1342	9.2904	354708	0.1024
500– 1000	6023	41.6961	5969363	1.7230
1000- 2000	2279	15.7771	4181404	1.2069
2000 – 3000	835	5.7805	2346030	0.6772
3000 – 4000	423	2.9283	1621598	0.4681
4000 – 5000	976	6.7567	4838770	1.3967
5000– 10000	1270	8.7920	10840786	3.1291
10000& above	1297	8.9789	316301341	91.2968
<b>TOTAL</b>	<b>14445</b>	<b>100.0000</b>	<b>14445</b>	<b>100.0000</b>

**CATEGORIES OF SHAREHOLDERS**



**(e) Dematerialisation of shares and liquidity and Lock-in of Shares:**

**(A) Dematerialisation Position as on 31<sup>st</sup> March, 2017:**

Total No. of fully paid up Equity Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
346454000	342534900	98.88	3919100	1.12

The Equity Shares of Raj Rayon Industries Limited is traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Trading in the Company’s shares is permitted only in dematerialised form for all investors as per notifications issued by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, Link Intime India Private Limited whereby the investors have the option to dematerialise their shares with either of the depositories.

**(B) Details of Locked-in Shares:**

**Lock- in Equity Shares allotted on preferential basis to Promoter Group**

Name	No. of shares	Date of allotment	Lock - in start date	Lock - in release date
Raj Money Market Limited	1,33,22,000	30/06/2012	30/06/2012	29/06/2015
Raj Kumari Kanodia	4500000	24/04/2015	19/06/2015	19/06/2018
Sushil Kumar Kanodia	6800000	24/04/2015	19/06/2015	19/06/2018
Radheshyam Kanodia (HUF)	1500000	24/04/2015	19/06/2015	19/06/2018
Sushil Kumar Kanodia (HUF)	1500000	24/04/2015	19/06/2015	19/06/2018
Samiksha Kanodia	1500000	24/04/2015	19/06/2015	19/06/2018
Akansha Jatin Kanodia	1500000	24/04/2015	19/06/2015	19/06/2018

**(F) Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion:**

The Company has so far not issued any GDRs/ADRs.

**(G) Capital Integrity Audit for Reconciliation of Capital:**

As stipulated by SEBI, a qualified Practicing Company Secretary (PCS) carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the copy of the report is submitted to the Stock Exchanges where the shares are listed. The audit confirms that the total Listed and Paid-up Capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**19. Transfer of Unpaid/Unclaimed Dividend Amount to IEPF:**

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 (now read as Section 124 (5) of Companies Act, 2013) the declared dividends which remained unpaid/unclaimed for a period of 7 years are



## RAJ RAYON INDUSTRIES LIMITED

required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act (now read as Section 125 of Companies Act, 2013). During the year there is no unclaimed dividend which required to transfer to IEPF

### 20. Equity Shares in the Suspense Account:

As per Clause 5A(I)(g) of the Listing Agreement, the Company reports the following details in respect of Equity Shares lying in the suspense account which were issued pursuant to the public issue of the Company in the year 2006:

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on 01 <sup>st</sup> April, 2015	17	17000
Number of shareholders who approached Company for transfer of shares from Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Suspense Account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on 31 <sup>st</sup> March, 2017	17	17000

The voting rights on the shares outstanding in the suspense account as on 31<sup>st</sup> March, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

### 21. Compliance Certificate of the Auditors:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the period April 1, 2014 to November 30, 2015 and as per Regulation 15 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed to the report.

### 22. Non- Mandatory Disclosures:

The non- mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings as detailed below:

#### Shareholders Rights:

The quarterly results of the Company are being published in the English and Vernacular newspapers (i.e. 'The Financial Express', Ahmedabad edition in English and Gujarati and in 'The Financial Express', in English in all edition) and they are also displayed on the Company's website namely [www.rajrayon.com](http://www.rajrayon.com) and in the official section of [www.corpfiling.co.in](http://www.corpfiling.co.in).

#### Audit Observation:

Auditor's observation on the Financial Statement for the year 2016-2017 has been appropriately explained in the Directors' Report.



**Chief Executive Officer (CEO) & Chief Financial Officer (CFO) CERTIFICATION**

To,  
The Board of Directors  
Raj Rayon Industries Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

We hereby certify that, to the best of our knowledge and belief, no transactions entered into by the Company during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

**Sushil Kumar Kanodia**  
**CEO & CFO**

**Place: Mumbai**  
**Date: 14<sup>th</sup> August, 2017**

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**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March 2017.

**For Raj Rayon Industries Limited**

**Place: Mumbai**  
**Date: 14<sup>th</sup> August, 2017**

Sd/-  
**Rajkumari Kanodia**  
**Non Executive Chairperson & Director**



## RAJ RAYON INDUSTRIES LIMITED

### 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, 2017 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. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was 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.

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.

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.

**For K M Garg & Co.**  
Chartered Accountants  
Firm Registration Number: 120712W

**CA. K K Garg**  
Partner  
M No. – 033940

Place : Mumbai  
Date : 30-05-2017



## INDEPENDENT AUDITORS' REPORT

To,  
**The Members of,  
Raj Rayon Industries Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Raj Rayon Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the

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

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

### Basis for Qualified Opinion

The attached Balance Sheet as at 31<sup>st</sup> March 2017 is drawn on the basis of Principle of 'Going Concern'. We opine as follows in this connection:

- a) Due to defaults in payments of Bank loans, the company's accounts have been classified as Non- Performing Assets (NPA) by the bankers under Consortium. The banks (except South Indian Bank which has charged Interest for April 2016) have not charged interest on the company's borrowings / loans or reversed the interest charged. Therefore, no provision has been made for such Interest in the books of accounts of the company and to that extent, finance cost and total loss is estimated to be understated by Rs. 9,501.89 Lakhs for the year ended 31<sup>st</sup> March 2017.
- b) The Company's account stands exited from CDR Mechanism. However, in view of classification of Company's account as Non-Performing Asset (NPA), contingency related to compensation payable in lieu of bank sacrifice cannot be determined currently.
- c) The Net worth of the Company is fully eroded. However the management has prepared the financial statements on going concern basis. The appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations to lenders / rescheduling of debt and resuming normal operations.

We further report that, except for the effect, if any, of the matters stated in paragraph (b) and (c) above, whose effect are not ascertainable, had the observations made under 'Basis for Qualified opinion considered, the loss after tax for the year ended March 31, 2017 would have been higher by Rs. 9501.89 Lakhs.



## RAJ RAYON INDUSTRIES LIMITED

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matters expressed in Basis for Qualified Opinion and Emphasis of matters paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017; and its Loss and cash flow for the year ended on that date.

### Emphasis of Matter

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

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

Our Report is not qualified in respect of the above matter.

### Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, except for matters expressed in Paragraph "Basis for Qualified Opinion", the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With reference to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us :
  - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer "Note 32" to the financial statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There is no amount outstanding which needed to be transfer to Investor education and protection fund.
  - iv. In the absence of requisite information/details regarding Specified Bank Notes and other denomination notes, appropriate disclosure as required vide MCA Notification No. GSR 308(E), dated 31 March 2017, could not be made.

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

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

Place: Mumbai  
Date: 30<sup>th</sup> May 2017



**ANNEXURE REFERRED TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph under the heading of 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the financial statements of the Company for the year ended 31<sup>st</sup> March 2017)

- (i) a. In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b. As per the information and explanation given to us, the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were reported on such verification by the management.
- c. The title deeds of immovable properties as disclosed in Note – 12 on Fixed Assets to the financial statements, are held in the name of the Company.
- (ii) a. As explained to us, Physical verification of inventory excluding stock with third party has been conducted by the management at reasonable intervals. In respect of Inventory lying with third party, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b. The Discrepancies noticed on verification of Inventory as compared to books records were not material and these have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any Unsecured Loan to Companies as covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanation given to us, the company has complied with provisions of Section 185 and 186 of the Companies Act, 2013 in respect of Loans, Investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed there under.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148 (1) of the Act in respect of its Products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) a) According to the records of the Company and the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, sales tax, Service Tax, Custom Duty, Excise duty, Value Added Tax, Cess and other statutory dues to the extent applicable to it. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March 2017 outstanding for a period of more than six months from the date they become payable.
- c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess except the following:

Name of the Statute	Nature of the Dues	Amount in (Rs.) (Excluding penalties and interest, if any except otherwise stated)	Period to which the amount relate	Forum where dispute is pending
Central Excise Duty	Excise Duty	23.89	1995-1996	Additional Directorate of Anti Evasion
		32.09	1996-1997	
		38.30	1997-1998	
		25.82	1998-1999	
		7.40	1999-2000	
		127.50		
		0.09#	1999-2000	The Company is in the process of refund
		2.95	2003-2004	Appellate Tribunal of Central Excise
		3.35	2003-2004 & 2004-2005	The Company has filed reply to show Cause Notice received from Superintendent of Central Excise
		2.84#	2003-2004	The Company has filed the Appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad



# RAJ RAYON INDUSTRIES LIMITED

			332.04	2009-2010	The Company has filed Appeal & Stay application with Custom Excise & Service Tax Appellate Tribunal, Ahmedabad
			174.57	2012-2013	The Company has filed an Appeal before the Custom, Excise & Service tax Appellate Tribunal, Ahmedabad
			283.52 (**)	2005 – 2006 & 2006 - 2007	The Company is in the process of filing the Appeal with the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
Textile Committee Act	Cess	0.35		1997-1998	Textile Cess Appellate Tribunal
		0.88		1998-1999	
		2.13		1999-2000	
		3.10		2000-2001	
		1.37		2001-2002	
		7.82			
Gujarat Tax on Entry of Specified Goods into Local Area Act, 2001 (Including Penalties & Interest)	Entry tax		308.83 (Net of ` 250.00 lakhs being amount Recovered by the Department)	01.04.2012 to 31.01.2014	The Company has filed an appeal before the Deputy Commissioner of Commercial Tax Surat (Gujarat).
# Payment made under protest * Assessment year ** Represents Penalty demand					

(viii) Based on our audit procedures and according to the information and explanation given by the management, the company has defaulted in repayment of dues to bank / financial institution as detailed in **Annexure "C"** to this report. The Company has not issued any debentures.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer

or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

(x) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment of Shares during the year under review. The Company has not made any private placement of shares or fully or partly convertible debentures.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **K. M. Garg & Co.**  
Chartered Accountants  
(FRN – 120712W)  
(CA. K K Garg)

Partner  
M No. 033940

Place: Mumbai  
Date: 30<sup>th</sup> May 2017





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

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

We have audited the internal financial controls over financial reporting of **Raj Rayon Industries Limited** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of

internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial



# RAJ RAYON INDUSTRIES LIMITED

reporting were operating effectively as at March 31, 2017, based on “the Internal Financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India”.

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

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

Place: Mumbai  
Date: 30<sup>th</sup> May 2017

## **Annexure “C” to Independent Auditors’ Report**

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

Particulars	Period of Default	As at 31.03.2017	
		Principal	Interest
State Bank of India	Since 2015 - 16	5,357.76	4,793.91
State Bank of Hyderabad	Since 2015 – 16	2,954.64	3,195.98
State Bank of Mysore	Since 2015 – 16	1,287.41	1,035.58
State Bank of Travancore	Since 2015 – 16	1,066.92	940.07
State Bank of Bikaner & Jaipur	Since 2015 – 16	477.87	441.04
State Bank of Patiala	Since 2015 – 16	604.97	711.77
Phoenix ARC Pvt. Ltd. (*)	Since 2015 - 16	1,313.38	603.12
Total		13,062.95	11,721.47

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

Particulars	Period of Default	As at 31.03.2017	
		Principal	Interest
State Bank of India	Since 2015 - 16	4753.33	2,074.36
State Bank of Hyderabad	Since 2015 - 16	1689.99	215.82
State Bank of Travancore	Since 2015 - 16	820.13	109.53
State Bank of Mysore	Since 2015 - 16	491.61	86.76
State Bank of Bikaner & Jaipur	Since 2015 - 16	1415.78	183.46
Phoenix ARC Pvt. Ltd. (*)	Since 2015 - 16	1010.73	118.19
Total		10181.57	2,788.12

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

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

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017**

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	4,864.54	4,864.54
Reserves and surplus	4	(47,063.96)	(40,435.14)
		(42,199.42)	(35,570.60)
<b>Non-current liabilities</b>			
Long term borrowings	5	37,451.54	47,340.30
Other long term liabilities	6	-	32.00
Long-term provisions	7	26.97	32.38
		37,478.51	47,404.68
<b>Current liabilities</b>			
Short term borrowings	8	10,181.57	11,830.76
Trade payables	9	600.56	2,541.77
Other current liabilities	10	28,121.67	17,399.37
Short term provisions	11	0.73	1.07
		38,904.53	31,772.97
<b>TOTAL</b>		<b>34,183.62</b>	<b>43,607.05</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets			
Tangible assets	12	27,422.67	32,038.10
Intangible assets		-	-
Capital work in progress		-	-
		27,422.67	32,038.10
Non-current investments	13	10.02	10.02
Deferred tax assets (net)	14	-	-
Long term loans and advances	15	15.45	134.86
Other non-current assets	16	1,805.56	2,411.09
		29,253.70	34,594.07
<b>Current assets</b>			
Inventories	17	1,814.31	4,684.79
Trade receivables	18	2,096.35	2,984.77
Cash and bank balances	19	317.32	102.75
Short term loans and advances	20	460.32	1,047.42
Other current assets	21	241.62	193.25
		4,929.92	9,012.98
<b>TOTAL</b>		<b>34,183.62</b>	<b>43,607.05</b>
<b>Significant accounting policies</b>	1 to 46		
<b>Notes to Accounts</b>			

The accompanying notes are an integral part of the financial statements  
As per our attached report of even date

For and on behalf of the board

**For K. M. Garg & Co.**  
Chartered Accountants  
Firm registration No. 120712W

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

**Naval Kanodia**  
Director  
DIN No. 03063554

**CA. K K Garg**  
Partner  
Membership No. 033940

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

**Deepa Gehani**  
Company Secretary

Mumbai  
Dated: 30<sup>th</sup> May, 2017

Mumbai  
Dated: 30<sup>th</sup> May, 2017



# RAJ RAYON INDUSTRIES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in Lakhs)

PARTICULARS	Note No.	Figures for the current reporting period 2016-2017	Figures for the previous reporting period 2015-2016
Revenue from operations	22	30,483.96	50,761.35
Less: Excise duty		3,054.23	5,584.78
		27,429.73	45,176.57
Other income	23	180.71	210.66
<b>Total Revenue</b>		<b>27,610.44</b>	<b>45,387.23</b>
Expenses:			
Cost of materials consumed	24	19,808.10	34,996.00
Purchases of stock-in-trade	25	458.69	2,456.84
Changes in inventories of finished goods, work in progress, and manufactured components	26	1,723.77	2,604.85
Employee benefits expense	27	739.81	919.20
Finance cost	28	169.40	8,863.65
Depreciation and amortisation expense	29	4,768.59	4,860.41
Other expenses	30	6,570.43	19,352.43
<b>Total expenses</b>		<b>34,238.79</b>	<b>74,053.38</b>
<b>Profit / (Loss) before Tax</b>		<b>(6,628.35)</b>	<b>(28,666.15)</b>
<b>Tax expense:</b>			
Current tax		-	-
Deferred tax		-	-
MAT credit entitlement		-	-
Tax adjustment for earlier years		0.47	1.64
		0.47	1.64
<b>Profit / (Loss) for the period</b>		<b>(6,628.82)</b>	<b>(28,667.79)</b>
Earning per equity share	31		
Basic		(1.91)	(8.40)
Diluted		(1.91)	(8.40)
<b>Significant accounting policies</b>			
Notes to Accounts	1 to 46		

The accompanying notes are an integral part of the financial statements  
As per our attached report of even date

For and on behalf of the board

**For K. M. Garg & Co.**  
Chartered Accountants  
Firm registration No. 120712W

**Rajkumari Kanodia**  
Non Executive Chairperson and Director  
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**Naval Kanodia**  
Director  
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**CA. K K Garg**  
Partner  
Membership No. 033940

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

**Deepa Gehani**  
Company Secretary

Mumbai  
Dated: 30<sup>th</sup> May, 2017

Mumbai  
Dated: 30<sup>th</sup> May, 2017



**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2017**

(₹ in Lakhs)

PARTICULARS	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and Extraordinary Items	(6,628.35)	(28,666.15)
<b>Adjustment for:</b>		
Depreciation	4,768.59	4,834.69
CDR Expenses	-	25.72
Provision for Bad & Doubtful Debts	15.28	10,253.91
Provision for doubtful advance receivables	201.27	-
<b>Investment Income:</b>		
Exchange Rate Change	5.21	5.74
(Profit) / Loss on Sale of Fixed Asset	(0.06)	5.11
Rent Income	(54.50)	(62.75)
Interest /other Income	(91.06)	(112.71)
Expenses for Increase in Authorised Share Capital	-	27.00
Finance costs	169.40	8,863.64
Operating Profit before Working Capital changes	(1,614.22)	(4,825.80)
<b>Adjustment for:</b>		
Inventories	2,870.49	3,439.73
Trade receivables	867.93	1,113.64
Other Receivables, Loans & Advances (Current / Non Current)	852.45	747.11
Trade payables	(1,941.22)	(368.55)
Other Payables, Provisions (Current / Non Current)	(291.25)	(63.08)
Cash generated from operations	744.18	43.05
Direct Taxes Paid (Including reversal of mat credit entitlement)	(7.89)	(462.50)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>736.29</b>	<b>(419.45)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (*)	(68.91)	(108.57)
Sale of Fixed Assets	2.67	12.10
Bank balances other than cash and cash equivalents	(24.91)	2,077.95
Interest / other income	99.63	120.78
Rent Income	60.01	62.36
Other Long Term Liabilities	(32.00)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>36.49</b>	<b>2,164.62</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	-	800.00
Expenses for Increase in Authorised Share Capital	-	(27.00)
Increase/(Decrease) in Unsecured Loan - Long Term (net)	(98.00)	(529.35)
Proceeds from long term borrowings (Refer note No. 4 & 4A)	939.82	1,281.86
Repayment of long term borrowings	(10.42)	(438.55)
Change in Working Capital Borrowing from Banks (Refer Note No.- 5)	(1,649.19)	1,549.30
Interest & Other Borrowing Cost (Refer Note No. 6)	185.69	(4,351.78)



# RAJ RAYON INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in Lakhs)

PARTICULARS	For the year ended 31.03.2017	For the year ended 31.03.2016
NET CASH FROM FINANCING ACTIVITIES	<b>(632.10)</b>	(1,715.52)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<b>140.68</b>	29.65
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	<b>37.93</b>	8.28
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<b>178.61</b>	37.93

### Notes to cash flow statement:

- (\*) Inclusive of Capital Work in Process.
- All figures in brackets are outflow.
- Refer Note No. 19 for details of cash and cash equivalents.
- The proceeds from long term borrowings are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL.
- 4A The Proceeds from Long Term borrowings during 2016 - 17 represents Interest Charged by bank in earlier year and accounted as "Interest Accrued & Due on borrowings" but not reversed by Bank on Classification of account as NPA.
- The Change in working capital borrowings from Banks are inclusive of Interest charged by Bank in earlier year and reversed during the year.
- The interest and other borrowing cost are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL and after adjusting the effect of Unrealised Interest reversed by Bank on Term Loan, Working Capital Term Loan, Funded Interest Term Loan & Cash Credit.

The accompanying notes are an integral part of the financial statements  
As per our attached report of even date

For and on behalf of the board

**For K. M. Garg & Co.**  
Chartered Accountants  
Firm registration No. 120712W

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

**Naval Kanodia**  
Director  
DIN No. 03063554

**CA. K K Garg**  
Partner  
Membership No. 033940

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

**Deepa Gehani**  
Company Secretary

Mumbai  
Dated: 30<sup>th</sup> May, 2017

Mumbai  
Dated: 30<sup>th</sup> May, 2017



## 24<sup>TH</sup> ANNUAL REPORT 2016-2017

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
<b>NOTE 3: SHARE CAPITAL</b>				
	<b>Numbers</b>	<b>Amount</b>	Numbers	Amount
<b>Authorised:</b>				
Equity Shares of ₹ 1/- each	71000000.00	7100.00	71000000.00	7100.00
Preference Shares of ₹ 10/- each	15000000.00	1500.00	15000000.00	1500.00
<b>TOTAL</b>		<b>8,600.00</b>		<b>8,600.00</b>
<b>Issued, subscribed and paid-up :</b>				
Equity Shares of ₹ 1/- each fully paid	346454000.00	3464.54	346454000.00	3464.54
15% Non Convertible Non Cumulative	14000000.00	1400.00	14000000.00	1400.00
Redeemable Preference Shares of ₹ 10/- each				
<b>TOTAL</b>		<b>4,864.54</b>		<b>4,864.54</b>

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

PARTICULARS	Numbers	Amount (₹)	Numbers	Amount (₹)
<b>(i) Equity shares :-</b>				
Outstanding at the beginning of the reporting period	346454000	3464.54	266454000	2664.54
Issued during the reporting period	0	0.00	80000000	800.00
Bought back during the reporting period				
Outstanding at the end of the reporting period	<b>346,454,000</b>	<b>3,464.54</b>	<b>346,454,000</b>	<b>3,464.54</b>
<b>(ii) Preference shares :-</b>				
Outstanding at the beginning of the reporting period	14000000	1400.00	14000000	1400.00
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	<b>14,000,000</b>	<b>1,400.00</b>	<b>14,000,000</b>	<b>1,400.00</b>

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

- (i) **Equity Shares** - The Company has issued only one class of Equity Shares having a par value of Rs. 1/- per share. Each Holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the Shareholders.
- (ii) **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.



# RAJ RAYON INDUSTRIES LIMITED

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

Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
<u>Equity Shares</u>				
Raj Money Market Limited	94,720,930	27.34	94,720,930	27.34
Fine Fashion Private Limited	30,471,815	8.80	33,694,203	9.73
<u>Preference Shares</u>				
Nakoda Limited	14,000,000	100.00	14,000,000	100.00

### 3.d Information regarding issue of shares in the last five years

- The Company has not issued any shares without payment being received in cash.
- The Company has not issued any bonus shares.
- The Company has not undertaken any buy-back of shares.

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016
<b>NOTE 4: RESERVES AND SURPLUS</b>		
<u>Capital reserve-on forfeited shares/ share warrants:</u>		
As per last Balance Sheet	114.47	114.47
<u>Securities premium reserve:</u>		
As per last Balance Sheet	7630.73	7630.73
<u>Surplus in statement of profit and loss:</u>		
Balance at the beginning of the year	(48,180.34)	(12,802.09)
Reversal of Deferred Tax Assets (net) of earlier years (Refer note No 14 (a))	-	(6,259.50)
Reversal of Mat Credit Entitlement (Refer note No 4(a))	-	(450.96)
Add (less): Profit (loss) after tax for the reporting period	(6,628.82)	(28,667.79)
	<b>(54,809.16)</b>	<b>(48,180.34)</b>
<b>TOTAL</b>	<b>(47,063.96)</b>	<b>(40,435.14)</b>

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

### NOTE 5: LONG TERM BORROWINGS

#### Secured loans:

##### Term loans

##### From Banks:

##### Rupee Loans

59,303.19

58,363.37

##### Other parties:

##### Daimler Financial India Private Ltd.

1.85

12.26

59,305.04

58,375.63

Less: Current maturities of long term debts  
(Including instalment defaulted and remained unpaid at  
Balance Sheet date)

22,853.49

12,133.33

#### SUB-TOTAL

36,451.55

46,242.30

#### Unsecured loans:

##### Inter-corporate loans

1,000.00

1,098.00

#### SUB-TOTAL

1,000.00

1,098.00

#### TOTAL

37,451.55

47,340.30





## A. Secured Loans:

1) In case of financial facilities from Lenders, Term Loan (TL) of ₹ 24491.20 Lakhs, Working Capital Term Loan (WCTL) of ₹ 25059.81 Lakhs, Funded Interest Term Loan (FITL) of ₹ 9752.18 Lakhs and Fund Based Working Capital of ₹ 10181.57 Lakhs and Non Fund Based working Capital facility (Bank Guarantee) of ₹ 425.25 Lakhs are secured by –

- All chargeable present & future tangible / intangible movable assets of the Company, first charge on all chargeable on all present & future immovable assets of the Company, first charge on all the present & future chargeable current assets of the Company.
- Extension of equitable mortgage on residential Flat no.T-35/706, 7th Floor, "Golden Heights" Co-operative Housing Society Limited owned by Mrs. Rajkumari Kanodia.
- Lien on TDR of ₹ 29.00 Lakhs.
- Personal Guarantee of Mr. Gourishankar Poddar, Mrs. Rajkumari Kanodia and Mr Sushil Kumar Kanodia.
- Corporate Guarantee of M/s Raj Money Market Limited.
- Pledge of 11,80,35,930 Equity Shares of the Company (held by promoters).

2) Term Loan from Daimler Financial India Private Ltd. is secured by hypothecation of specific vehicle.

3) Rate of Interest on Term Loans ranges between 12% to 15.75%

B. Maturity profile of secured long term loans / unsecured intercorporate loans ( ₹ In Lakhs)	1-2 years	2-3 years	3-4 years	Beyond 4 years
	10,373.70	11,602.70	11,069.85	4,405.28

C. Period and amount of continuing defaults as on the balance sheet date in repayment of principal and interest inclusive of earlier years ( ₹ in lakhs)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Principal	Interest (*)	Principal	Interest
State Bank of India	5,357.76	4,793.91	2,064.17	1,478.79
State Bank of Hyderabad	2,954.64	3,195.98	1,201.02	1,297.69
State Bank of Mysore	1,287.41	1,035.58	466.81	439.57
State Bank of Travancore	1,066.92	940.07	369.80	406.14
State Bank of Bikaner & Jaipur	477.87	441.04	100.59	144.31
State Bank of Patiala	604.97	711.77	253.02	261.88
Phoenix ARC Private Limited (**)	1,313.38	603.12	366.37	367.47

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

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

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

E. State Bank of India and State Bank of Bikaner & Jaipur have written off an amount of ₹ 9157.02 lakhs & ₹ 1379.65 lakhs respectively toward Term Loan, Working Capital Term Loan & Funded Interest Term Loan. However the Company has shown the written off amount under the respective loan liability.



# RAJ RAYON INDUSTRIES LIMITED

	(₹ in Lakhs)	
PARTICULARS	As at 31.03.2017	As at 31.03.2016
<b>NOTE 6: OTHER LONG TERM LIABILITIES</b>		
Deposits Received from Tenant	-	32.00
<b>TOTAL</b>	<b>-</b>	<b>32.00</b>
<b>NOTE 7: LONG-TERM PROVISIONS</b>		
Provision for employee benefits (Refer Note 35)	<b>26.97</b>	32.38
<b>TOTAL</b>	<b>26.97</b>	<b>32.38</b>
<b>NOTE 8: SHORT TERM BORROWINGS</b>		
Secured Loans:		
Working capital loans from banks		
Cash Credit / Demand Loans / Short Term Loans		
Rupee Loans	<b>10,181.57</b>	11,830.76
(Sanctioned limit - ₹ 10239 lakhs)		
<b>TOTAL</b>	<b>10,181.57</b>	<b>11,830.76</b>
Nature of security:		
(i) Rate of Interest on working capital (cash credit) ranges between 10% to 13%. For details of security given for short term borrowings, refer Note no. 5 above.		
(ii) The Working Capital Facilities being classified as non performing assets (NPA) The lenders have reduced the drawing power to Nil hence the Company has defaulted in repayment to the extent of outstanding amount and interest amount (approx) of ₹ 2788.11 lakhs.		

	(₹ in Lakhs)	
PARTICULARS	As at 31.03.2017	As at 31.03.2016
<b>NOTE 9: TRADE PAYABLES</b>		
Micro, small and medium enterprises		
Other trade payables	<b>600.56</b>	2,541.77
<b>TOTAL</b>	<b>600.56</b>	<b>2,541.77</b>

Note 9(a): On the basis of information and records available with the company, there are no Micro and Small Enterprises, which have registered with the competent authority under the Micro, Small and Medium Enterprises Development Act, 2006 and relied upon by the Auditors.

<b>NOTE 10: OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debts (Refer Note No. 5)	<b>22,853.49</b>	12,133.33
Interest accrued & due on Bank Loans	<b>4,952.71</b>	4,564.01
Interest accrued & due on Unsecured Loans	<b>114.00</b>	147.61
Creditors for capital expenditure	-	67.45
Advances from customers	<b>24.56</b>	74.80
Statutory liabilities	<b>18.54</b>	63.09
Forward contracts payable	<b>0.00</b>	0.00
Unpaid dividends	<b>1.57</b>	1.57
Other payables	<b>156.79</b>	347.51
<b>TOTAL</b>	<b>28,121.66</b>	<b>17,399.37</b>
<b>NOTE 11: SHORT TERM PROVISIONS</b>		
Provision for employees benefits (Gratuity) (Refer Note No.36)	<b>0.73</b>	1.07
<b>TOTAL</b>	<b>0.73</b>	<b>1.07</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**NOTE 12: FIXED ASSETS**

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions during the period	Sold/discarded / deducted during the period	Total As at 31.03.2017	Provided upto 31.03.2016	Provided for the period	Written Back during the period	Total upto 31.03.2017	Total as at 31.03.2017	Total as at 31.03.2016
<b>Tangible Assets</b>										
Land	296.84	-	-	296.84	-	-	-	-	296.84	296.84
Air Condition System	628.56	-	-	628.56	558.48	9.27	-	567.75	60.81	70.08
Electrical Installation	3,431.79	-	-	3,431.79	2,319.55	199.64	-	2,519.19	912.60	1,112.24
Factory Building	6,803.86	-	-	6,803.86	1,480.68	217.24	-	1,697.92	5,105.94	5,323.18
D.G.Sets	190.96	-	-	190.96	67.96	17.77	-	85.73	105.23	123.00
Plant & Machinery	46,145.25	-	-	46,145.25	21,184.25	4,137.95	-	25,322.20	20,823.05	24,961.00
Furniture & Fixtures	157.49	-	-	157.49	120.58	12.38	-	132.96	24.53	36.91
Vehicle	130.63	-	32.54	98.09	69.80	13.65	29.93	53.52	44.57	60.83
Office Equipments	33.15	-	-	33.15	26.05	1.73	-	27.78	5.37	7.10
Computers	104.33	1.46	-	105.79	95.87	3.93	-	99.80	5.99	8.46
Office Premises	45.39	-	-	45.39	6.93	0.72	-	7.65	37.74	38.46
<b>Intangible Assets</b>										
Computer Software	7.50	-	-	7.50	7.50	-	-	7.50	-	-
Total as at 31.03.2017	57,975.75	1.46	32.54	57,944.67	25,937.65	4,614.28	29.93	30,522.00	27,422.67	32,038.10
Total as at 31.03.2016	57,976.38	25.88	26.50	57,975.75	21,112.26	4,834.69	9.30	25,937.65	32,038.10	
Capital work in progress									-	-

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



# RAJ RAYON INDUSTRIES LIMITED

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
<b>NOTE 13: NON-CURRENT INVESTMENTS</b>				
Other than trade (at cost) :	<b>Numbers</b>	<b>Amount(₹)</b>	<b>Numbers</b>	<b>Amount(₹)</b>
Investments in fully paid equity instruments (unquoted)				
Raj Money Markets Limited having face value of ₹ 10/- each	1,00,100	10.01	1,00,100	10.01
The Bharat Co-operative Bank (Mumbai) Limited, having face value of ₹ 100/- each		0.01		0.01
<b>TOTAL</b>		<u>10.02</u>		<u>10.02</u>
<b>PARTICULARS</b>	<b>Book value (₹)</b>	<b>Market Value (₹)</b>	<b>Book value (₹)</b>	<b>Market Value (₹)</b>
Aggregate value of:				
Quoted investments	Nil	N.A.	Nil	N.A.
Unquoted investments	10.02	N.A.	10.02	N.A.
<b>NOTE 14: DEFERRED TAX ASSETS (NET)</b>				
Deferred Tax Liabilities:				
Depreciation		-		(2,213.16)
Deferred Tax Assets:				
Unabsorbed depreciation / Business Loss		-		6,164.73
Deferment of disallowances / allowances as per the Income Tax Act, 1961		-		2,307.93
<b>TOTAL</b>		<u>-</u>		<u>6,259.50</u>
Less Reversal of Deferred Tax Assets (net)		<u>-</u>		<u>(6,259.50)</u>
<b>TOTAL</b>		<u>-</u>		<u>-</u>
<b>14 (a):</b> In view of heavy losses and uncertainty of Profits in years to come –				
- No Provision for Deferred Tax Assets (Net) has been made in the Books of Accounts for the year.				
- “Deferred Tax Assets (net) amounting to Nil (previous year ₹ 625949548)/- pertaining to earlier years has been reversed and have been adjusted with the balance in Statement of Profit & Loss under “Reserve & Surplus”.”				
<b>NOTE 15: LONG TERM LOANS AND ADVANCES</b>				
Unsecured, considered good				
Capital advances		5.44		123.23
Security deposits		9.03		9.03
Prepaid expenses		0.98		2.60
Unsecured, considered doubtful				
Capital advances	117.79		-	
Less Provision for doubtful Capital advances	(117.79)	-	-	-
<b>TOTAL</b>		<u>15.45</u>		<u>134.86</u>



(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016
<b>NOTE 16: OTHER NON-CURRENT ASSETS</b>		
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	194.19	243.16
Interest accrued on fixed deposits (Maturity period more than 12 months)	7.62	1.62
Deferred Revenue Expenditure (CDR Expenses - Refer Note 16(a))	-	128.60
TUFS benefit receivable (interest subsidy)	776.64	732.84
Others	827.12	1304.87
<b>TOTAL</b>	<b>1,805.57</b>	<b>2,411.09</b>

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

**NOTE 17: INVENTORIES (REFER NOTE NO. 1.6)**

(As taken, valued &amp; certified by the management)

Raw Materials	79.83	685.12
Raw Materials - In transit	-	144.46
Work in progress	765.65	825.93
Manufactured components	248.82	493.11
Finished goods	569.44	2165.73
Stores, spares and others	104.28	267.19
Packing materials	46.28	103.25
<b>TOTAL</b>	<b>1,814.30</b>	<b>4,684.79</b>

**NOTE 18: TRADE RECEIVABLES**

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

Unsecured, Considered good	788.78	1,137.68
Unsecured, Considered doubtful	10,357.80	10,342.52
	11,146.58	11,480.20
Less: Provision for doubtful trade receivables	(10,357.80)	(10,342.52)
	788.78	1,137.68

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

Unsecured, Considered good	1,307.56	1,847.09
Unsecured, Considered doubtful	-	-
	1,307.56	1,847.09
<b>TOTAL</b>	<b>2,096.34</b>	<b>2,984.77</b>



# RAJ RAYON INDUSTRIES LIMITED

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016
<b>NOTE 19: CASH AND BANK BALANCES</b>		
Cash and cash equivalents:		
Balances with banks	175.89	34.90
Cash in hand	<u>2.72</u>	<u>3.03</u>
	178.61	37.93
Other bank balances:		
Balances with banks in unpaid dividend accounts	1.57	
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued	331.32	306.41
Less : Amount disclosed under other non current assets (Refer note no. 16)	<u>194.19</u>	<u>243.16</u>
	137.13	63.25
<b>TOTAL</b>	<u><b>317.31</b></u>	<u><b>102.75</b></u>
<b>NOTE 20: SHORT TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Advances to suppliers	47.47	92.48
Advances to staff	4.96	9.58
Cenvat credit receivable (Net of Provision)	270.99	780.47
Balance with Excise department	1.59	0.90
Prepaid expenses	26.76	53.26
Vat/Entry tax credit receivable	36.13	36.13
Deposits	1.50	2.00
Prepaid Taxes (Net of Provisions)	68.48	61.06
Others	2.45	11.54
Unsecured, considered doubtful		
Advances to suppliers	83.48	-
Less Provision for doubtful advances to suppliers	<u>(83.48)</u>	<u>-</u>
<b>TOTAL</b>	<u><b>460.33</b></u>	<u><b>1,047.42</b></u>
<b>NOTE 21: OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits	10.98	6.64
Less: Amount disclosed under other non current assets (Refer Note 16)	7.62	1.62
(Maturity period less than 12 months)	3.36	5.02
Export benefit receivable	36.15	33.50
Excise Refund Receivable	146.97	17.16
Deferred Revenue Expenditure (CDR Expenses - Refer Note 16(a))	-	25.72
TUFS benefit receivable (interest subsidy)	-	43.80
Interest Receivable	55.14	68.05
<b>TOTAL</b>	<u><b>241.62</b></u>	<u><b>193.25</b></u>



(₹ in Lakhs)

PARTICULARS	Figures for the current reporting period 2016 - 2017	Figures for the previous reporting period 2015 - 2016
<b>NOTE 22: REVENUE FROM OPERATIONS</b>		
Sale of products		
Yarn - Local	22,097.78	28,173.43
Yarn - Export	4,530.25	6,880.92
Chips	3,320.73	12,853.59
PTA /MEG / Others	524.14	2,775.54
	<u>30,472.90</u>	50,683.48
Other operating revenue		
Export incentives (Net of short receipt)	6.15	1.42
Scrap and other sales	4.91	76.45
	<u>11.06</u>	77.87
	<u>30,483.96</u>	50,761.35
Less : Excise Duty	3,054.23	5,584.78
<b>TOTAL</b>	<u><u>27,429.73</u></u>	<u><u>45,176.57</u></u>

**NOTE 23: OTHER INCOME**

Interest income:		
On fixed deposits with banks	25.41	37.20
On delayed payments from customers	60.01	73.26
On Loan / Deposit / Others	5.63	2.25
	<u>91.05</u>	112.71
Net foreign exchange gain / (loss)	34.80	24.44
Rent Received	54.50	62.75
Profit on sale / discard of fixed assets (Net)	0.06	-
Other Miscellaneous Income	0.30	10.76
<b>TOTAL</b>	<u><u>180.71</u></u>	<u><u>210.66</u></u>

**NOTE 24: COST OF MATERIALS CONSUMED**

Chips	266.60	178.28
POY/FDY/PTY	73.55	1,403.29
PTA /MEG / Others	18,302.39	32,201.54
Yarn Oil	869.62	814.36
Spin Finish Oil	295.94	398.53
<b>TOTAL</b>	<u><u>19,808.10</u></u>	<u><u>34,996.00</u></u>



# RAJ RAYON INDUSTRIES LIMITED

(₹ in Lakhs)

PARTICULARS	Figures for the current reporting period 2016 - 2017	Figures for the previous reporting period 2015 - 2016
<b>Note 25: Purchases of stock-in-trade</b>		
PTA /MEG / Others	458.69	2,456.84
<b>TOTAL</b>	<b>458.69</b>	<b>2,456.84</b>
<b>Note 26: Changes in inventories</b>		
Opening stocks:		
Finished goods	2,165.73	3,012.44
Manufactured components	493.11	566.15
Stock in Process	825.93	2,604.83
	<b>3,484.77</b>	<b>6,183.42</b>
Less:Closing stocks:		
Finished goods	569.44	2,165.73
Manufactured components	248.82	493.11
Stock in Process	765.65	825.93
	<b>1,583.91</b>	<b>3,484.77</b>
Add/Less: Provision for excise duty on finished goods (net)	(177.09)	(93.80)
<b>TOTAL</b>	<b>1,723.77</b>	<b>2,604.85</b>
<b>Note 27: Employee benefit expenses</b>		
Salaries and Wages	707.24	880.27
Contribution to Provident Fund and other funds	29.86	34.44
Staff Welfare Expenses	2.70	4.49
<b>TOTAL</b>	<b>739.80</b>	<b>919.20</b>
<b>Note 28: Finance cost</b>		
Interest expense	103.02	8,754.45
Other Borrowing Costs	66.38	109.20
Net loss(gain) on foreign currency transactions	-	-
<b>TOTAL</b>	<b>169.40</b>	<b>8,863.65</b>
<b>Note 29: Depreciation and amortisation expense</b>		
Depreciation	4,614.28	4,834.69
CDR Expenses	154.31	25.72
	<b>4,768.59</b>	<b>4,860.41</b>





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(₹ in Lakhs)

<b>PARTICULARS</b>	<b>Figures for the current reporting period 2016 - 2017</b>	<b>Figures for the previous reporting period 2015 - 2016</b>
<b>Note 30: Other expenses</b>		
<b>Manufacturing expenses:</b>		
Power and fuel	2,754.82	3,699.20
Inward transportation and freight	333.59	690.27
Consumption of stores and spares	423.66	745.86
Repairs to:		
factory buildings	10.46	45.10
machineries	41.90	39.60
Consumption of packing material	1,043.42	1,322.55
Labour / Job charges	1,257.36	1,675.95
	<b>5,865.21</b>	<b>8,218.53</b>
<b>Administrative expenses:</b>		
Printing and stationery	11.42	15.50
Postage and courier	4.72	6.21
Telephone and communication charges	7.13	9.15
Travelling and conveyance	64.00	65.84
Auditors' remuneration (Refer note no. 33)	8.20	8.26
General expenses	15.59	28.09
Rent	-	1.20
Rates and taxes	17.30	54.18
Sundry balance written off	3.84	81.94
Electricity expenses	4.76	5.31
Insurance	24.48	35.51
Repairs and maintenance	16.35	32.41
Legal and professional charges	44.76	42.27
Director Sitting Fees	0.80	-
Loss on sale / discard of fixed assets (Net)	-	5.11
Provision for doubtful advance receivables	201.27	-
Provision for doubtful trade receivables	15.28	10,253.91
	<b>439.90</b>	<b>10,644.89</b>
<b>Selling, distribution and other expenses:</b>		
Advertisement and publicity	3.64	3.58
Commission and brokerage	89.94	183.83
Carriage outward	171.76	301.61
	<b>265.34</b>	<b>489.02</b>
<b>TOTAL</b>	<b>6,570.45</b>	<b>19,352.44</b>



# RAJ RAYON INDUSTRIES LIMITED

## Note 31: Earning per equity share

PARTICULARS	Unit	2016-2017	2015-2016
Net profit(loss) after tax	₹ in lakhs	(6,628.82)	(28,667.79)
Weighted average number of shares used in computing basic earnings per share	Numbers	34,64,54,000.00	34,14,26,678.00
Weighted average number of shares used in computing diluted earnings per share	Numbers	34,64,54,000.00	34,14,26,678.00
Face value of equity shares	₹ in lakhs		
Basic earnings per share	₹ in lakhs		
Diluted earnings per share	₹ in lakhs		

## Note 32: Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016
(i) Contingent liabilities:		
(a) Notices / show cause Notice received from Excise department.	926.85	1,091.35
(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	1.75
(d) Order of assessment by Entry Tax / Commercial Tax Officer Ahmedabad (Net of ₹ 250.00 lakhs being amount Recovered by the Department)	308.83	308.83
(e) Legal suit filed by the supplier	199.08	-
(ii) Contingent commitments		
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)

(₹ in Lakhs)

PARTICULARS	For the year ended	
	31.03.2017	31.03.2016
Statutory audit under the Companies Act, 1956	5.25	5.25
Tax Audit under the Income Tax Act, 1961	1.25	1.25
Taxation matters	0.55	0.55
Certifications	0.92	1.06
Other matters	0.15	0.15
Reimbursement of cess	0.08	-
	8.20	8.26

## NOTE 34: SEGMENT REPORTING

The company operates in a single segment i.e. textile having same risk and return. Hence reporting as per Accounting Standard (AS-17) 'Segment Reporting' is not applicable to the company.



**Note 35: Related Party Disclosures (as per AS 18 issued by ICAI) :**

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

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

(₹ in Lakhs)

PARTICULARS	Volume of Transactions		Balances as on	
	2016-2017	2015-2016	2016-2017	2015-2016
<b>Expenses:</b>				
Director's Remuneration				
Mr. Naval Babulal Kanodia	3.00	3.00	-	-
Directors Sitting Fees	-	-	-	-
Shri Prahladrai Jajodia	0.20	-	-	-
Shri Suresh Gupta (Resigned w.e.f. 31/03/2017)	0.20	-	-	-
Shri Jugal Kishore Pareek (Appointed w.e.f. 12/08/2016)	0.20	-	-	-
Shri Bibhuti Bhusan Das (Appointed w.e.f. 05/04/2016)	0.20	-	-	-
Salary				
Mr. Sushil Kumar Kanodia - (C.E.O. & C.F.O.)	29.97	29.97	-	-
Mr. Pawan Kanodia	5.88	10.08	-	-
Mrs Akansha Mehta	16.80	5.60	-	-
Mrs Samiksha Arya	10.08	10.08	-	-
<b>Investments in Shares</b>				
Raj Money Market Limited	-	-	10.01	10.01
Sales (net of returns / rebate / discount)				
Fine Fashion Private Limited	1,852.50	2,862.84	786.87	1,157.00
Interest received	55.14	67.53	55.14	67.53
Fine Fashion Private Limited	6.65	33.61	-	33.61
Interest paid				
Fine Fashion Private Limited				
Unsecured Loan				
Fine Fashion Private Limited				
Taken	-	71.86	-	98.00
Repayment	(98.00)	(601.21)	-	-
Purchases				
Fine Fashion Private Limited	-	-	(577.12)	(1,054.87)
Third party payments / Receipts				
Fine Fashion Private Limited				
Receipt from Customers	977.37	-	-	-
Payments to Suppliers	2,141.67	47.87	-	-



# RAJ RAYON INDUSTRIES LIMITED

## NOTE 36: EMPLOYEE BENEFIT EXPENDITURE

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

a) Defined Contribution Plan

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

PARTICULARS	(₹ in Lakhs)	
	2016-17	2015-16
Employer's Contribution to Provident Fund	29.74	34.25
Employer's Contribution to superannuation Fund	-	-
Employer's Contribution to Pension Fund	-	-

b) Defined Benefit Plan:

Leave Encashment : During the year 2016-17, the amount paid to employees as leave encashment is ₹ 6.45 (₹ 6.87 in FY:2015-16).

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

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

PARTICULARS	(₹ in Lakhs)	
	Gratuity (Unfunded)	
	2016-17	2015-16
Defined Benefit obligation at beginning of the year	33.45	25.94
Current Service Cost	8.47	12.41
Interest Cost	3.35	2.99
Actuarial loss /(gain)	2.79	(4.14)
Past Service Cost	-	-
Benefits paid	(20.36)	(3.76)
Settlement cost	-	-
Defined Benefit obligation at year end	27.70	33.45

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

PARTICULARS	(₹ in Lakhs)	
	Gratuity (Unfunded)	
	2016-17	2015-16
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Employer contribution	20.36	3.76
Benefits paid	(20.36)	(3.76)
Fair value of plan assets at year end	-	-
Actual return on plan assets	-	-

iii) Reconciliation of fair value of assets and obligations

PARTICULARS	(₹ in Lakhs)	
	Gratuity (Unfunded)	
	2016-17	2015-16
Fair value of plan assets	-	-
Present value of obligation	27.70	33.45
Amount recognised in balance sheet	27.70	33.45



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

PARTICULARS	Gratuity (Unfunded)	
	2016-17	2015-16
Current Service Cost	8.47	12.41
Interest Cost	3.35	2.99
Expected return on plan assets	-	-
Actuarial losses / (gain)	2.79	(4.14)
Past Service Cost	-	-
Net Cost	14.62	11.26

V) Actuarial assumption

PARTICULARS	Gratuity (Unfunded)	
	2016-17	2015-16
Mortality Table		
Indian Assured Lives Mortality (2006-08)		
Mortality Table		
Discount rate (per annum)	7.25%	8.10%
Expected return on plan assets (per annum)	--	--
Rate of escalation in salary (per annum)	7.00%	7.00%

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

Note 37: C. I. F. value of imports:

(₹ in Lakhs)

PARTICULARS	For the year ended	
	31.03.2017	31.03.2016
Raw Materials / Stock in Trade	2,187.51	2,101.80
Capital goods	-	-

Note 38: Expenditure in foreign currency

(₹ in Lakhs)

PARTICULARS	For the year ended	
	31.03.2017	31.03.2016
Commission*	15.39	19.63
Travelling	25.24	19.20

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

Note 39: Raw material consumed and total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption

Note 39.1: Raw material consumed

(₹ in Lakhs)

PARTICULARS	For the year ended	
	31.03.2017	31.03.2016
PTA /MEG / Others	18,302.39	32,201.54
Chips	266.60	178.28
POY/FDY/PTY	73.55	1,403.29
Yarn Oil	869.62	814.36
Spin Finish Oil	295.94	398.53
<b>TOTAL</b>	<b>19,808.10</b>	<b>34,996.00</b>



# RAJ RAYON INDUSTRIES LIMITED

## Note 39.2: Total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption

(₹ in Lakhs)

Sr. No.	PARTICULARS	For the year ended			
		31.03.2017		31.03.2016	
		Consumption	% to total consumption	Consumption	% to total consumption
(a)	Raw materials:				
	Indigenous	17,664.62	89.18	32,354.43	92.45
	Imported	2,143.48	10.82	2,641.57	7.55
	Total consumption and %	19,808.10	100.00	34,996.00	100.00
(b)	Spare parts and components:				
	Indigenous	423.66	100.00	745.86	100.00
	Imported	-	0.00	-	0.00
	Total consumption and %	423.66	100.00	745.86	100.00

## Note 40: Earning in foreign currency

(₹ in Lakhs)

PARTICULARS	2016-2017	2015-2016
FOB Value of exports	3,634.41	4,917.47
Above FOB value Includes FOB value as per shipping bill / custom rate for which BRCs / shipping bills are pending as on date		

## Note 41: Financial and derivatives and unhedged transaction

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

PARTICULARS	2016-2017			2015-2016		
	No. of Contracts	US \$ in Lakhs	(₹ in Lakhs)	No. of Contracts	US \$ in Lakhs	(₹ in Lakhs)
Buy - Buyers credit / Letter of Credit	-	-	-	-	-	-
Sell - Performa invoices for export sale	1	0.40	26.00	1	0.46	30.49

## Unhedge foreign currency exposure

PARTICULARS	2016-2017		2015-2016	
	US \$ in Lakhs	(₹ in Lakhs)	US \$ in Lakhs	(₹ in Lakhs)
Export Receivables	2.66	171.50	5.06	333.54

## Note 42: Disclosure on Specified Bank Notes

In the absence of requisite information/details regarding Specified Bank Notes and other denomination notes, appropriate disclosure as required vide MCA Notification No. GSR 308(E), dated 31 March 2017, could not be made.

**Note 43:** The company has incurred net loss of ₹ 6628.82 lakhs during the year ended 31st March 2017 and have accumulated losses of ₹ 54809.16 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 management has prepared the Company's financial statements on a going concern basis.



**Note 44:** 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 45:** 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 46:** 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.

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As per our attached report of even date

**For K. M. Garg & Co.**  
Chartered Accountants  
Firm registration No. 120712W

**CA. K K Garg**  
Partner  
Membership No. 033940

Mumbai  
Dated: 30<sup>th</sup> May, 2017

For and on behalf of the board

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

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

Mumbai  
Dated: 30<sup>th</sup> May, 2017

**Naval Kanodia**  
Director  
DIN No. 03063554

**Deepa Gehani**  
Company Secretary







# RAJ RAYON INDUSTRIES LIMITED

Regd. Office: Survey No. 177/1/3, Village – Surangi,  
Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230  
✉: investors@rajrayon.com www.rajrayon.com  
☎ : 022-40343434,40343410

CIN: L17120DN1993PLC000368

## ATTENDANCE SLIP

24th Annual General Meeting on Wednesday, 20th September, 2017

Registered Folio No./ DP ID/ Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	

I/We hereby record my/our presence at the 24th Annual General Meeting of the Company held at Regd. Office: Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 at 10.00 A.M. on 20th Day of September, 2017

.....  
Member's/ Proxy's name in Block Letters

.....  
Member's/Proxy's Signature

**Notes:** Shareholders/ Proxy holders are requested to bring the Attendance Slips with them, duly completed and handover the same at the entrance of the Meeting Hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the meeting.



# RAJ RAYON INDUSTRIES LIMITED

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

CIN: L17120DN1993PLC000368

## PROXY FORM

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

Name of the Company: RAJ RAYON INDUSTRIES LIMITED

Registered office: Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230

Name of the member (s):	
-------------------------	--

Registered address:	
---------------------	--

E-mail Id:	
------------	--

Folio No/Client Id:	
---------------------	--

DP ID:	
--------	--

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

1. Name:

Address:

E-mail Id:

Signature:

or failing him

2. Name:

Address:

E-mail Id:

Signature:

or failing him

3. Name:

Address:

E-mail Id:

Signature:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **24<sup>th</sup> Annual General Meeting** of the Company to be held on the **Wednesday, 20<sup>th</sup> day of September, 2017 at 10:00 A:M** at the registered office of the Company at **Survey No. 177/1/3, Village–Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional *	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended 31 <sup>st</sup> March, 2017.		
2.	Re-appointment of Mr. Naval Babulal Kanodia who retires by rotation.		
3.	Ratification of appointment of M/s. K.M. Garg & Co., Chartered Accountants as Statutory Auditors of the Company.		
<b>Special Business</b>			
4.	Approval of Related Party Transactions for the year 2017-2018.		
5.	Approval of remuneration payable to Cost Auditor of the Company.		
6.	Approval of appointment of Mr Rajubhai Bababhai Chokidar as Independent Director.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Affix a ₹ 1/- Revenue Stamp
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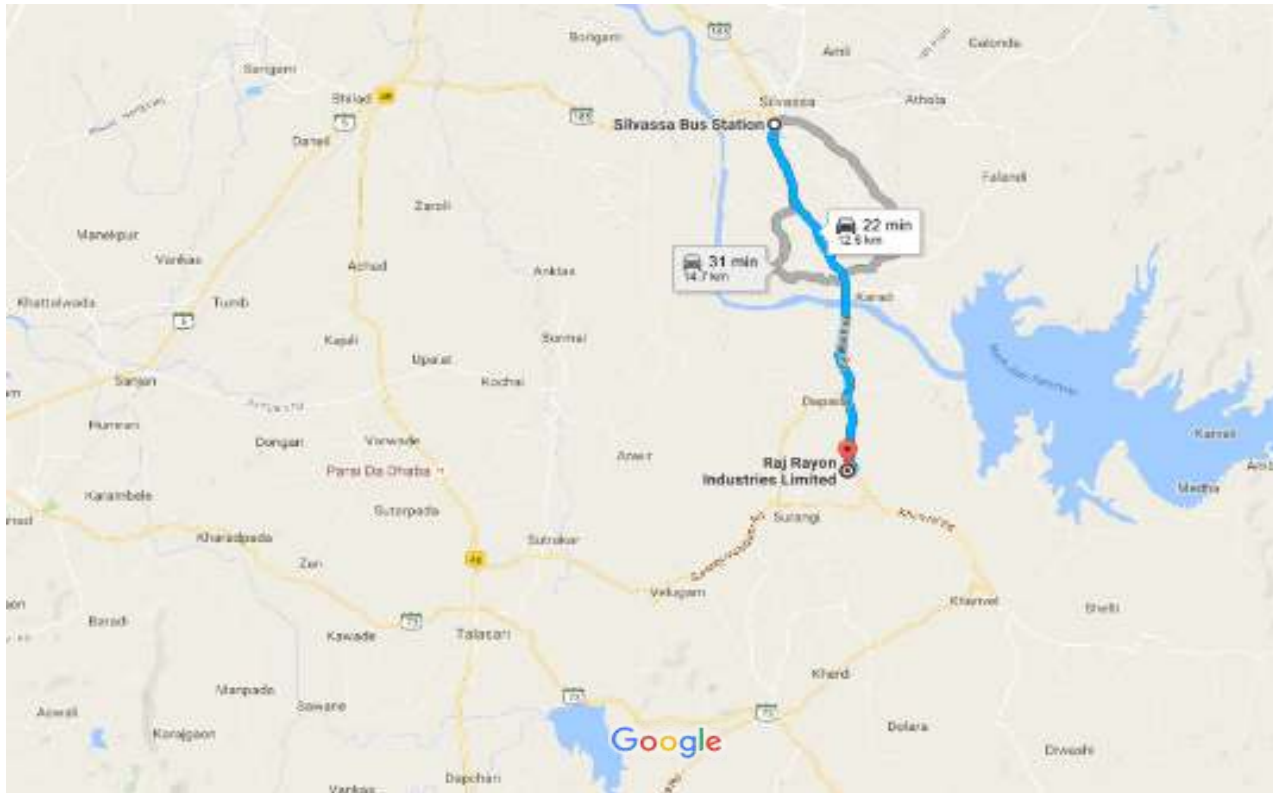
Signature of Shareholder

Signature of Proxy holder(s)

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



**ROUTE MAP FOR THE VENUE OF AGM**



## COURIER

If undelivered, please return to :  
**Raj Rayon Industries Limited**  
5-C, 196 & 197, "AKSHAY",  
Mittal Industrial Estate, Sakinaka,  
Andheri (East), Mumbai - 400 059.  
Maharashtra (INDIA)

**RAJ RAYON INDUSTRIES LIMITED**

Website : [www.rajrayon.com](http://www.rajrayon.com)