



30th ANNUAL REPORT
2022-2023

RAJ RAYON INDUSTRIES LIMITED
L17120DN1993PLC000368

“Trust, Quality and Excellence”

|| Address ||

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



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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mr. RAJKUMAR SATYANARAYAN AGARWAL
(Managing Director-Chairperson)

Mrs. SAPNA RAJKUMAR AGARWAL
(Non-Executive - Non Independent Director-
Woman Director)

Mr. SANDIIP SATYANARAYAN AGARWAL
(Whole Time Director and Chief Financial Officer)

Mr. VINODKUMAR BAJRANGLAL DALMIA
(Non-Executive - Independent Director)

Prof. RAMESH CHANDRA AGARWAL
Non-Executive - Independent Director

Mr. KAILASHNATH JEEVAN KOPPIKAR
(Non-Executive - Independent Director)

Mrs. SUPRIYA MAHESH PUJARI (w.e.f. 27th May,
2023)
(Non-Executive Woman Independent Additional
Director)

REGISTERED OFFICE:

Survey No. 177/1/3,
Village – Surangi, Dist-Silvassa,
Dadra and Nagar Haveli (U.T.) - 396 230 (INDIA)
Tel: 7977290784

Website: www.rajrayon.com

Email: investors@rajrayon.com

CORPORATE OFFICE:

A/13 Agarwal Golden Chambers, 3rd Floor, Veera
Desai Road, off New Link Road, Andheri (W),
Mumbai, Maharashtra 400053
Contact details:022-42509700

PLANT LOCATION:

Survey No. 177/1/3 (Registered office) including
Survey No. 161/1, 161/2, 164/3& 162/3,
177/1/4 Village - Surangi, District - Silvassa, Dadra
& Nagar Haveli (U.T.) - 396 230 (INDIA)

SHARE TRANSFER AND DEMAT REGISTRARS:

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

AUDITORS:

Bagaria & Co. LLP,
Chartered Accountants

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. CHINTAN DHAROD

LISTING AND CODE

BSE Limited- 530699
NSE- RAJRILTD

BANKER

Bank of Baroda



BOARD'S REPORT

To
The Members,
RAJ RAYON INDUSTRIES LIMITED

Your Directors have pleasure in presenting 30th Annual Report of the Company together with the Audited Financial Statements of the Company for the year ended **31st March 2023**.

1. FINANCIAL RESULTS

| Particular | For the financial year 2022-23 (Amount in Rs. Lakhs.) | For the financial year 2021- 22 (Amount in Rs. Lakhs.) |
|---|---|--|
| Revenue from Operations | 13,722.39 | - |
| Other Income | 44.40 | 5.54 |
| Total Income | 13,766.79 | 5.54 |
| Less: Depreciation & Amortization Expenses | 1,345.63 | 2,798.91 |
| Less: Employee Benefits Expenses | 200.07 | 5.59 |
| Less: Finance Cost | 129.68 | 0.32 |
| Less: Other Expenses | 2,419.11 | 236.48 |
| Total Expenses | 15,020.45 | 3041.30 |
| Profit/ (Loss) before exceptional items and tax | (1,253.66) | (3035.76) |
| Less: Exceptional Items | - | 67113.12 |
| Profit/ (Loss) before tax | (1,253.66) | 64077.36 |
| Tax Expenses | 0 | 0 |
| Tax adjustment for earlier years/ Deferred Tax | 15.98 | 0 |
| Profit/(Loss) after Tax | (1,237.68) | 64077.36 |

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the financial year under review the Company has earned total revenue of Rs. **13,766.79** /- Lakhs as compared to the previous years' revenue of Rs. 5.54/- Lakhs. The Company has incurred a net loss of Rs. **1,237.68**/- Lakhs after considering exceptional items as compared to the previous years' Net Profit of Rs. 64,077.36/- Lakhs. The exceptional items on account of gains recognised in accordance with the approved resolution plan in the year under review. Your Directors are continuously looking for avenues for future growth of the company.

DIVIDEND:

In absence of adequate amount of profits for the year ended 31st March, 2023 and past accumulated losses, your directors do not recommend payment of any dividend for the year ended 31st March, 2023.

SHARE CAPITAL OF THE COMPANY:

During the financial year under review, there was change in the paid up share capital of the Company in continuation to terms/implementation of the Resolution Plan submitted by SVG FASHIONS PRIVATE LIMITED approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT") vide its Order dated 05th October, 2021, received on 7th October 2021 ("said Order") as follows:

- 1) Allotted of 1,00,000 Compulsory Convertible Preference Shares Class- A (CCPS - A) of Rs. 100/- each to financial creditors on 5th May, 2022;



- 2) Allotted 54,90,00,000 (Fifty Four Crores Ninety Lakhs) equity shares having a face value of Re. 1/- (Rupee One) (Face value per share) aggregating to Rs. 54,90,00,000 (Fifty Four Crores Ninety Lakhs) on a preferential allotment basis to the entities defined by M/s SVG Fashions Private Limited ("Resolution Applicant"/"New Promoter") on 10th June, 2022;
- 3) Allotted 25,00,000 Compulsory Convertible Preference Shares (CCPS) Class- B to M/s SVG Fashions Private Limited ("Resolution Applicant"/"New Promoter") of Rs. 100/- each on 10th June, 2022;
- 4) Further based on terms of CCPS- A the Board has converted CCPS- A into Equity Shares and allotted 4800000 equity shares to the financial creditors on 23rd December, 2022.

After considering aforesaid changes as on 31st March, 2023, the paid up share capital of the Company was Rs. 80,60,82,495/- divided into 556,082,495 equity shares of Re. 1/- each and 2,500,000 Compulsory Convertible Preference Shares (CCPS) Class- B of Rs. 100/- each.

CHANGES POST FINANCIAL YEAR

Based on market capitalization list issued by NSE India Limited for 31st March, 2023 the Company was categorised under **"TOP 1000 Companies"** basis that as per LODR company needs to comply with the additional compliance Which is applicable w.e.f. 1st April, 2023, status of those compliances are as follows:

| SR. NO. | COMPLIANCE | STATUS OF COMPLIANCE |
|---------|---|--|
| 1 | Risk Management Committee | The Company has formed Risk management Committee in Board Meeting held on 27 th May, 2023 |
| 2 | Woman Independent Director | Appointed Ms. Supriya Mahesh Pujari (DIN. 07661070) as Woman Independent Additional Director on the Board of the Company w.e.f. 27 th May, 2023 on recommendation of Nomination and Remuneration Committee of the Company for a first term of five consecutive years, subject to the approval of members, which is to be taken under postal ballot process. |
| 3 | To undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of the Company. | The Company is in process of taking insurance for all their independent directors of the Company. |
| 4 | To adopt policies: a) Dividend Distribution Policy b) Risk management policy | The board members have adopted both policies as on date of this report in their meeting held 27 th May, 2023. |
| 5 | Report of Business Responsibility and Sustainability reporting with Annual Report. | The Company has prepared the report and attached as part of Annual Report. |

DEPOSITS:

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

INTERNAL CONTROL SYSTEM AND ADEQUACY:

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



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

THE BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As on this report date the Board at present consists of 7 Directors. The Board of Directors is duly constituted. The details of present directors appointed is as below:

| Name of Director | Designation | Date of Appointment |
|-------------------------------|---|--|
| Rajkumar Satyanarayan Agarwal | Managing Director | 19/10/2021 |
| Sapna Rajkumar Agarwal | Non- Independent Director-Non executive | 19/10/2021 |
| Sandiip Satyanarayan Agarwal | Whole Time Director/Executive and CFO | CFO on 19/10/2021 and WTD w.e.f.07/02/2022 |
| Ramesh Chandra Agarwal | Independent Director | 19/10/2021 |
| Vinodkumar Bajranglal Dalmia | Independent Director | 19/10/2021 |
| Kailashnath Jeevan Koppikar | Independent Director | 07/02/2022 |
| Supriya Mahesh Pujari | Woman/ Independent Director | 27/05/2022 |

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

| Sr. No | Date of Board Meeting | Name of new Board members and KMP and Attendance details | | | | | |
|--------|-----------------------|--|------------------------|------------------------------|-------------------------|-------------------------------|-----------------------------|
| | | Rajkumar Satyanarayan Agarwal | Sapna Rajkumar Agarwal | Sandiip Satyanarayan Agarwal | Ramesh Chandra Agarwal. | Vinod kumar Bajranglal Dalmia | Kailashnath Jeevan Koppikar |
| 1. | 05/05/2022 | Present | Present | Present | Present | Present | Present |
| 2. | 30/05/2022 | Present | Present | Present | Present | Present | Present |
| 3. | 10/06/2022 | Present | Present | Present | Present | Present | Present |
| 4. | 12/08/2022 | Present | Present | Present | Present | Present | Present |
| 5. | 14/11/2022 | Present | Present | Present | Present | Present | Present |
| 6. | 23/12/2022 | Present | Present | Present | Present | Leave of Absence | Present |
| 7. | 14/02/2023 | Present | Present | Present | Present | Present | Present |

Details of all the Committee along with their composition and meetings held during the year under review are given in the Corporate Governance Report. The intervening gap between the companies was within the period prescribed under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Independent Directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Separate meetings of Independent Directors, pursuant to Section 149 (7) read with Schedule VI of the Companies Act, 2013 was held on 14th February, 2023.

COMMITTEES OF THE BOARD:

In accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has constituted three committees of the Board, namely:



1. Audit Committee
2. Stakeholders Relationship Committee, and
3. Nomination and Remuneration Committee
4. Risk Management Committee (**formed post financial year**)

Details of all the Committees along with their charters, composition and meetings held during the financial year under review are provided in the Report on Corporate Governance, forming part of this Annual Report.

RISK MANAGEMENT AND AREAS OF CONCERN

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out from time to time to identify, evaluate, manage and monitoring of both business and non-business risks. The Board is in process of adopting a practice for periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

Risk Management Committee comprised of Mr. Sandiip Satyanarayan Agarwal, WTD and CFO, Mr. Vinodkumar Bajranglal Dalmia and Mr. Kailashnath Jeevan Koppikar, Independent Directors as its members. Mr. Sandiip Satyanarayan Agarwal is Chairman of Risk Management Committee of the Committee. The Committee assists the Board of Directors in fulfilling its oversight responsibilities with regard to enterprise risk management. The Committee reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while at the same time trying to achieve its business objectives.

This Committee's responsibilities include, achieving the objective of developing a risk mitigated culture that supports decision making and helps improving the Company's performance as stated in the Risk Management Policy of the Company. The role and terms of reference of the Risk Management Committee are in conformity with the requirements of the Act and Regulation 21 of the SEBI Listing Regulations.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Retirement by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Articles of Association of the Company, Mrs. Sapna Rajkumar Agarwal (DIN: 00437469), Woman Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment and your Board recommends her reappointment.

b. Appointment of Directors and KMP: There was no appointment/change of Director and KMP during the year under review.

The Board members on recommendation of Nomination and Remuneration Committee of the Company appointed Mrs. Supriya M. Pujari (DIN-07661070) as Woman Independent Additional Director on the Board of the Company w.e.f. 27th May, 2023 for a first term of five consecutive years, subject to the approval of members which is to be taken through postal ballot process.

c. Cession: There was no cessation of Director and KMP during the year under review.

Brief resume of the director proposed to be appointed / re-appointed or to whose remuneration is to be approved as stipulated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings is given in the Notice convening the 30th Annual General Meeting of the Company.



DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

STATUTORY AUDITORS:

Pursuant to the provisions of section 139 and all other applicable provisions, if any of the Companies Act, 2013, and the rules framed thereunder, as amended from time to time, M/s. MKPS & Associates, Chartered Accountants (Firm Registration No. 302014E) was appointed as a statutory Auditor for the period of 5 years at the 28th Annual General Meeting held on 30th September, 2021 i.e. until the conclusion of the FY 2025-2026 of the Company.

However, due to the volume of transactions increasing M/s. MKPS & Associates, Auditor finding it challenging to maintain quality of services and hence submitted their resignation and relived themselves from the responsibility of Statutory Auditor from closure of Business hours w.e.f 12.08.2022.

On recommendation of Audit Committee, the Board had appointed M/s. Bagaria & Co. LLP Chartered Accountants (Firm Registration No – 113447W/W-100019) as Statutory Auditors of the Company w.e.f 13.08.2022, pursuant to the provisions of Section 139(8) of the Companies Act, 2013 on account of casual Vacancy to hold office upto the conclusion of ensuing Annual General Meeting of the Company.

Further, the members of the Company in their 29th Annual General Meeting of the Company approved the appointment of M/s. Bagaria & Co. LLP Chartered Accountants (Firm Registration No – 113447W/W-100019) to hold office till the conclusion of 30th Annual General Meeting of the Company for the FY 22-23.

Now the Board members on recommendation of Audit Committee in their meeting held on 27th May, 2023 recommends re-appointed M/s. Bagaria & Co. LLP Chartered Accountants (Firm Registration No – 113447W/W-100019) as Statutory Auditors of the Company (for a remaining period of his first term of five years) from the conclusion of ensuing 30th Annual General Meeting of the Company upto the conclusion of 34th Annual General Meeting of the Company till the FY 26-27 i.e. for period of four years of their first term of appointment.

M/s. Bagaria & Co. LLP Chartered Accountants have furnished a certificate of their eligibility under Section 141 of the Act and the Companies (Audit and Auditors) Rules 2014, confirming that they are eligible for continuance as Statutory Auditors of the Company.



The Notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments.

AUDITORS REPORT:

The Statutory Auditors of the Company has issued the Auditors Report for the Financial Year ended on March 31, 2023 with modified opinion stating that they cannot audit and comment on the impact, if any, on the financial statement arising out of subsequent availability of any pending bank statements of four inoperative bank accounts which are continuing in the name of the Company from prior to the Corporate Insolvency Resolution Process when the current management was not in charge of the affairs of the Company was not available for verification for which management stated that the company is in process to obtain details in the matter.

The Auditors' Report does not contain any other qualification, reservation or adverse remark except as detailed herein above.

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

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

SECRETARIAL AUDIT:

The provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Riddhi Shah a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2022-23. The Secretarial Audit Report (MR-3) is annexed herewith as Annexure –A.

With respect to observations made by the Secretarial Auditors in their report, we would like to state as follows:

| Sr. No. | Observations | Explanation of Board of Directors |
|---------|---|---|
| 1. | <i>There was delay in filing of compliance under Reg. 23(9) of the SEBI (LODR), 2015 with respect to disclosure of Related party transactions for half year ended 31st March, 2022 with NSE and BSE and also paid fines levied on the Company under Standard Operating Procedure (SO P) for suspension and revocation of trading of specified securities of listed entities with both exchanges BSE and NSE.</i> | <i>The management was not aware about the filing of NIL return under Reg.23(9) SEBI (LODR), 2015 for RPT, post that the Company has filed disclosure for NIL RPT and has paid fines and rectified the mistake and thereafter filed compliance on time under said regulation in next half year ended September 30, 2022.</i> |
| 2. | <i>With respect to compliance under Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company was maintaining Structured Digital in excel format, password protected and with backup and single point of access for the financial year under review and has acquired SDD software and implemented w.e.f. 01/04/2023.</i> | <i>The Company was under IBC, since then due to transitional period by new Board of the Company, now the company has acquired SDD software and implemented w.e.f. 01/04/2023 as per compliance to reach on path of achieving of compliance with integrity/transparency.</i> |

Your Company always endeavour to comply with all the applicable rules and regulations.



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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR):

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

CORPORATE DEBT RESTRUCTURING (CDR)

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

Based on the NCLT order and pursuant to Resolution Plan (Plan) approved by National Company Law Tribunal Ahmedabad Bench vide order dated 05th October, 2021, received on 7th October 2021, the following actions were taken during the financial year 2022-23:

1. Allotted of 1,00,000 Compulsory Convertible Preference Shares Class- A (CCPS - A) of Rs. 100/- each to financial creditors on 30th May, 2022.
2. Allotted 54,90,00,000 (Fifty Four Crores Ninety Lakhs) equity shares having a face value of Re. 1/- (Rupee One) (Face value per share) aggregating to Rs. 54,90,00,000 (Fifty Four Crores Ninety Lakhs) on a preferential allotment basis to the entities defined by M/s SVG Fashions Private Limited ("Resolution Applicant"/"New Promoter") on 10th June, 2022.
3. Allotted 25,00,000 Compulsory Convertible Preference Shares (CCPS) Class- B to M/s SVG Fashions Private Limited ("Resolution Applicant"/"New Promoter") of Rs. 100/- each. Details as per Annexure -II on 10th June, 2022.
4. Further based on terms of CCPS- A the Board has converted CCPS- A into Equity Shares and allotted 4800000 equity shares to the financial creditors on 23rd December, 2022.

We further state that the implementation of approved Resolution Plan is in process as per the NCLT Order as on date of this report and the Company will update about the further progress on said plan to the members as per statutory requirements.