K. C. LODHA & ASSOCIATES
CHARTERED ACCOUNTANTS
Contact No. :+91 9821894596 / 9320094596
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Independent Auditors' Report

To,
The Members of
Raj Rajendra Industries Limited

Report on the Ind AS Financial Statements

Opinion

We have Audited the accompanying Ind AS Financial Statements of **Raj Rajendra Industries Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2021, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Ind AS financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Due to COVID-19 related lockdown, we could not be present during physical verification of inventories carried out by management subsequent to year end. We have relied on the same and performed alternate procedures to audit the existence of inventory as at year end.

Further, the continuous spreading of COVID -19 across India, has resulted in restrictions on a physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire audit was carried out based on remote access of the data as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable, and are directly generated by the accounting system of the Company without any further manual modifications, except where it was required for true and fair view presentation of financial statements.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our opinion is not modified in respect of above matter.

K. C. LODHA & ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

602, Thawar Apartment, Opp Heena Residency, Above Canara Bank, Main Carter Road No.5, Borivali (East), Mumbai - 400066.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Company has done legal compliances for acquisition of Factory at Palghar after the balance sheet date. However, take possession of the property before March 31, 2021 and has paid an amount of Rs 3.7 Crores for acquisition of Factory at Palghar before March 31, 2021 and therefore has recognized under factory building under "Property, plant and equipment".

Information other than the Ind AS financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises of the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and make other appropriate reporting as prescribed.

Responsibilities of management and those charged with governance for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Ind AS financial statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

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

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

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

K. C. LODHA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

   e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2021, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

   g) According to the information and explanations given by the management, the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has no pending litigations as on 31.03.21.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K C Lodha & Associates
Chartered Accountant
FRN: 127682W

K. C. LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kailash

CA K C Lodha
[Proprietor]
M. No.: 404728
UDIN: 21404728AAAADR7592
Place: Mumbai
Date: 28/05/2021

Raj Rajendra Industries Limited
Annexure A to Independent Auditors' Report for the year ended 31st March 2021
[Referred to in paragraph 1 of 'Report on other legal and regulatory requirements 'of our report of even date]

i. In respect of fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets of the Company are physically verified by the management subsequent to year end. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c) As per the information and explanation given to us and on the basis of our examination of the records of the Company, it holds immovable properties ("buildings") that have been built on land taken on lease which are disclosed as a part of the property, plant and equipment of the Company in the Ind AS financial statements. The lease agreement is in name of the Company.

ii. In our opinion, physical verification of inventories has been conducted by management at reasonable intervals. The discrepancies noticed on such verification by management, were not material and have been properly dealt with in the books of account.

iii. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to company, firms, or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013, the terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest & in respect of which:

(a) The terms of arrangements do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.

(b) There is no amount overdue for more than 90 days at the balance sheet date.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of provisions of Section 73 to 76 of the Act and the rules framed there under. We have been informed that no order relating to Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act has been duly maintained by the company.

vii. In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been generally regular in depositing undisputed statutory dues including income tax, sales tax, service tax, duty of customs, duty of excise, cess and any other material statutory dues, as applicable to the Company, during the period with the appropriate authorities except minor delays in payment of provident fund, professional tax, employees' state insurance, value added tax and goods and service tax (GST). There appears an undisputed amount payable in respect of statutory dues under Income Tax as on 31st March 2021 against which company has initiated process for its resolution.

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MUMBAI
CHARTERED ACCOUNTANTS

(b) According to the records of the Company and information and explanations given to us, there are no dues of income tax, sales tax, service tax, GST, duty of customs, duty of excise, value added tax which have not been deposited with appropriate authorities on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in payment of interest and repayment of principal to banks.

ix. During the year, the Company has neither raised money by way of initial public offer, further public offer [including debt instruments] and term loans. However, loans raised in preceding years were applied for the purpose for which those were raised.

x. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud by the Company or any fraud on the Company by its employees / officers, nor have been informed of any such case by the management.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.

xii. In our opinion, the Company is not a Nidhi company. Therefore, clause (xii) of paragraph 3 the Order is not applicable.

xiii. According to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with related parties are in compliance with Section 188 of Act and have been disclosed in the Ind AS financial statements as required under Ind AS 24, Related Party Disclosure specified under section 133 of the Act [Also refer note 34 of Ind AS financial statements], read with Rule 7 of the Companies (Accounts) Rules 2014. Section 177 of the Act is not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, question of our comment on compliance with provisions of Section 42 of Act does not arise.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or person connected with him. Therefore, question of our comment on compliance with provisions of Section 192 of the Act does not arise.

xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For K C Lodha & Associates,
Chartered Accountant
FRN: 127682W

K. C. LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kailash

CA K C Lodha
[Proprietor]
M. No. – 404728
UDIN: 21404728AAAADR7592
Place: Mumbai
Date: 28/05/2021

Raj Rajendra Industries Limited

Annexure B to the Independent Auditor's Report for the year ended 31st March 2021
[Referred to in paragraph 2(g) under the heading "Report on other legal and regulatory requirements" of our report of even date]

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ('the Act')

Opinion

We have audited the internal financial controls over financial reporting of **Raj Rajendra Industries Limited** ("the Company") as of 31st March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls Over Financial Reporting

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, issued by ICAI. 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 the 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 Act.

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 Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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 Ind AS 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

K. C. LODHA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Ind AS 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 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.

For K C Lodha & Associates,
Chartered Accountant
FRN: 127682W

Kailash

K.C. LODHA & ASSOCIATES
MUMBAI
CHARTERED ACCOUNTANTS

CA K C Lodha
[Proprietor]
M. No. – 404728
UDIN: 21404728AAAADR7592

Place: Mumbai
Date: 28/05/2021

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Balance Sheet as at 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

	Particulars	Note no.	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	ASSETS				
A	**Non-current assets**				
	a) Property, plant and equipment	4	14,41,32,465	11,23,00,628	12,61,89,874
	b) Right of use asset	5	29,06,521	1,55,03,890	-
	c) Financial assets				
	i) Investments	6	2,30,72,400	3,24,96,840	3,24,96,840
	ii) Loans and advances	7	3,90,45,389	10,83,92,457	10,33,99,483
	d) Other non-current asset	8	-	-	1,25,42,012
	(A)		**20,91,56,776**	**26,86,93,815**	**27,46,28,208**
B	**Current assets**				
	a) Inventories	9	8,17,49,427	6,10,27,810	7,02,06,020
	b) Financial assets				
	i) Trade receivables	10	5,05,47,408	13,33,17,881	15,18,75,145
	ii) Cash and cash equivalents	11	1,99,750	1,80,111	84,016
	iii) Loans	12	8,15,00,000	2,34,52,811	96,50,000
	c) Other current assets	13	1,85,27,832	1,81,44,678	2,66,48,089
	(B)		**23,25,24,417**	**23,61,23,292**	**25,84,63,270**
	TOTAL (A + B)		**44,16,81,193**	**50,48,17,107**	**53,30,91,478**
	EQUITY AND LIABILITIES				
A	**Equity**				
	a) Equity share capital	14	8,50,00,000	8,50,00,000	8,50,00,000
	b) Other equity	15	22,01,27,069	21,21,87,443	19,38,40,158
	(A)		**30,51,27,069**	**29,71,87,443**	**27,88,40,158**
	Liabilities				
B	**Non-current liabilities**				
	a) Financial liabilities				
	i) Borrowings	16	1,56,47,762	2,87,29,993	2,06,12,976
	b) Provisions	17	17,36,477	16,23,027	14,82,632
	c) Deferred tax liabilities (Net)	18	1,00,66,963	1,21,30,983	1,48,02,224
	(B)		**2,74,51,202**	**4,24,84,003**	**3,68,97,832**
C	**Current liabilities**				
	a) Financial liabilities				
	i) Short term borrowings	19	8,57,17,296	12,41,27,890	12,20,26,162
	ii) Trade payables	20	1,27,56,849	3,09,11,582	6,44,39,437
	- Amount due to other than Micro and small enterprises		-	-	-
	iii) Other financial liabilities	21	36,73,345	25,91,618	1,34,67,625
	b) Other current liabilities	22	41,92,416	22,40,251	1,34,12,816
	c) Provisions	23	27,63,016	52,74,320	40,07,447
	(C)		**10,91,02,922**	**16,51,45,661**	**21,73,53,488**
	TOTAL (A+B+C)		**44,16,81,193**	**50,48,17,107**	**53,30,91,478**
	Significant accounting policies and notes to financial statements	**1 to 46**			

The notes referred to above form an integral part of the standalone financial statements

This is the Balance Sheet referred to in our audit report of even date

For KC Lodha & Associates
Chartered Accountants
FRN 127682W

K.C. LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kailash

CA K C Lodha
Proprietor
Membership No. : 404728
UDIN: 21404728AAAADR7592

For and on behalf of the Board of Directors of
Raj Rajendra Industries Limited

Ganpath R. Jain
Managing Director
(DIN : 00684357)

Kiran R. Jain
Director
(DIN : 00684349)

Raj Rajendra Industries Limited MUMBAI

Place: Mumbai
Date: 28/05/2021

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Statement of profit and loss for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

	Particulars	Note no.	Year ended 31st March, 2021	Year ended 31st March, 2020
A	**Income**			
	Revenue from operations	24	30,47,69,619	74,54,42,119
	Other income	25	1,93,09,709	1,49,40,933
	Total income (A)		**32,40,79,328**	**76,03,83,052**
B	**Expenses**			
	Cost of materials consumed	26	21,13,91,127	57,06,81,522
	Purchase of traded goods		-	17,202
	Changes in inventories of finished goods	27	36,09,284	45,50,460
	Manufacturing expenses	28	2,60,75,527	5,18,82,795
	Employee benefit expenses	29	3,40,04,220	5,22,87,846
	Finance costs	30	93,48,047	1,36,02,036
	Depreciation and amortisation	4 & 5	2,09,23,677	2,13,93,119
	Other expenses	31	1,01,94,088	2,27,37,937
	Total expenses (B)		**31,55,45,969**	**73,71,52,917**
C	**Profit before tax (A - B) (C)**		**85,33,359**	**2,32,30,135**
D	**Tax expense:**			
	- Current tax	18	29,38,943	72,00,000
	- Deferred tax charge/ (credit)		(21,34,790)	(27,46,922)
	- Prior period adjustments income tax		-	6,54,795
	Total tax expense (D)		**8,04,153**	**51,07,873**
E	**Profit after tax (C - D) (E)**		**77,29,207**	**1,81,22,262**
G	**Other comprehensive income / (loss)**			
	a) (i) Items not to be reclassified subsequently to Statement of Profit and Loss			
	- Remeasurement of defined benefit plans - gain/(loss)		2,81,190	3,00,704
	(ii) Income tax relating to items that will be classified to profit or loss		(70,770)	(75,681)
	b) (i) Items that will be reclassified subsequently to statement of Profit and Loss		-	-
	(ii) Income tax relating to items that will be classified to profit or loss		-	-
	Other comprehensive income for the year (G)		**2,10,420**	**2,25,023**
H	**Total comprehensive income for the year (F + G)**		**79,39,627**	**1,83,47,285**
	Basic and diluted earnings/ (loss) per share	35	0.91	2.13
	Equity shares [Face value of Rs. 10 each]			
	Significant accounting policies and notes to financial statement	**1 to 46**		

The notes referred to above form an integral part of the standalone financial statements

This is the Statement of Profit and Loss referred to in our audit report of even date

For KC Lodha & Associates
Chartered Accountants
FRN 127682W

K C LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

CA K C Lodha
Proprietor
Membership No. : 404728
UDIN: 21404728AAAADR7592

Place: Mumbai
Date: 28/05/2021

For and on behalf of the Board of Directors of
Raj Rajendra Industries Limited

Ganpath R. Jain
Managing Director
(DIN : 00684357)

Kiran R. Jain
Director
(DIN : 00684349)

Raj Rajendra Industries Limited MUMBAI

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Statement of changes in equity for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Opening balance	8,50,00,000	8,50,00,000	8,50,00,000
Changes in equity share capital during the year	-	-	-
Closing balance	8,50,00,000	8,50,00,000	8,50,00,000

(Refer note 14)

(b) Other equity

Particulars	Reserves & surplus	OCI*	Total other equity
	Retained Earnings	Remeasurement gain/ (loss) of defined benefit plan	
Balance as at 1st April, 2019	19,38,40,158	-	19,38,40,158
Profit for the year	1,81,22,262	-	1,81,22,262
Other comprehensive income/ (loss) for the year (net)	-	2,25,023	2,25,023
Balance as at 31st March, 2020	**21,19,62,420**	**2,25,023**	**21,21,87,443**
Profit for the year	77,29,207	-	77,29,207
Other comprehensive income/ (loss) for the year	-	2,10,420	2,10,420
Balance as at 31st March, 2021	**21,96,91,626**	**4,35,443**	**22,01,27,069**

(Refer note 15)
*Other comprehensive income

This is the Statement of Changes in Equity referred to in our audit report of even date

For KC Lodha & Associates
Chartered Accountants
FRN 127682W

K.C. LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kailash

CA K C Lodha
Proprietor
Membership No. : 404728
UDIN: 21404728AAAADR7592

Place: Mumbai
Date:28/05/2021

For and on behalf of the Board of Directors of
Raj Rajendra Industries Limited

Ganpath R. Jain
Managing Director
(DIN : 00684357)

Kiran

Kiran R. Jain
Director
(DIN : 00684349)

Raj Rajendra Industries Limited MUMBAI

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Cash Flow Statement for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

	Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit /(loss) before taxes		85,33,359	2,32,30,135
	Adjustments for:			
	Finance cost		93,48,047	1,36,02,036
	Interest income		(1,14,61,335)	(1,31,31,894)
	Depreciation and amortization		2,09,23,677	2,13,93,119
	(Profit) on sale/ discard of fixed assets		(44,26,728)	(4,81,796)
	Loss on sale of investment		1,18,440	-
	Operating profit / (loss) before working capital changes		**2,30,35,460**	**4,46,11,599**
	Movements in working capital : [Including Current and Non-current]			
	(Increase) / decrease in loans, trade receivable and other assets		12,35,53,445	1,69,06,744
	(Increase) / decrease in inventories		(2,07,21,617)	91,78,210
	Increase / (decrease) in trade payable, other liabilities and provisions		(1,67,84,662)	(4,41,77,683)
			10,90,82,625	**2,65,18,870**
	Adjustment for:			
	Direct taxes paid (including tax deducted at source)		(33,27,379)	(53,56,371)
	Net cash generated/ (used in) from operating activities...(A)		**10,57,55,246**	**2,11,62,499**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment (Including capital work in progress and capital advances)		(1,21,23,623)	(55,05,411)
	Sale of property, plant and equipment		44,19,736	7,00,000
	Sale of investment		93,06,000	-
	Increase/(decrease) in fixed deposit (not considered as cash and cash equivalent)		22,750	-
	Advance given		(5,80,47,189)	(1,38,02,810)
	Interest income		1,15,91,997	1,31,14,305
	Dividend income		-	-
			(4,48,30,329)	**(54,93,916)**
	Adjustment for:			
	Direct taxes (paid)/ refund received (including tax deducted at source) - (Net)		(11,46,134)	(13,13,189)
	Net cash (used in) / from investing activities... (B)		**(4,59,76,462)**	**(68,07,105)**

K. C. LODHA & ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI

Raj Rajendra Industries Limited MUMBAI

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Cash Flow Statement for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		-	-
Repayment of long term borrowings		(1,20,00,504)	(27,58,991)
Increase/ (Decrease) in working capital loan		(3,84,10,594)	21,01,728
Interest paid (Including other borrowing cost)		(93,48,047)	(1,36,02,035)
Net cash (used in) / from financing activities... (C)		**(5,97,59,145)**	**(1,42,59,298)**
Net increase / (decrease) in cash and cash equivalents (A+ B+C)		**19,638**	**96,096**
Cash and cash equivalents at beginning of the year (Refer note 11)		1,80,111	84,016
Cash and cash equivalents at end of the year		1,99,750	1,80,111
Net increase / (decrease) in cash and cash equivalents		**19,638**	**96,096**

Notes:
(i) Cash flow statement has been prepared under "indirect method" as set out in Ind AS 7 - "Cash Flow Statement".
(ii) Refer note 37 for other cash flow statement related notes.

Significant accounting policies and notes to financial statements **1 to 46**

Notes referred to herein above form an integral part of standalone financial statements.

This is the Cash Flow Statement referred to in our audit report of even date

For KC Lodha & Associates
Chartered Accountants
FRN 127682W

K.C. LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Kailash

CA K C Lodha
Proprietor
Membership No. : 404728
UDIN: 21404728AAAADR7592

Place: Mumbai
Date: 28/05/2021

For and on behalf of the Board of Directors of
Raj Rajendra Industries Limited

Ganpath R. Jain
Managing Director
(DIN : 00684357)

Kiran R. Jain
Director
(DIN : 00684349)

Raj Rajendra Industries Limited MUMBAI

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

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Property, plant and equipment	Leasehold Land	Factory Building	Office Premises	Computers & Printers	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross carrying value									
Deemed cost as at 1st April, 2019	30,17,235	2,09,48,596	1,16,16,936	20,457	8,46,70,308	28,92,505	27,37,098	2,86,737	12,61,89,872
Additions during the year 2019-20	-	-	-	74,407	51,10,000	1,10,340	-	2,10,664	55,05,411
Deletions during the year 2019-20	-	-	-	-	9,49,312	-	-	-	9,49,312
Transferred to right of use asset on transition	30,17,235	-	-	-	-	-	-	-	30,17,235
Balance as at 31st March, 2020	-	**2,09,48,596**	**1,16,16,936**	**94,864**	**8,88,30,996**	**30,02,845**	**27,37,098**	**4,97,401**	**12,77,28,736**
Additions during the year 2020-21	-	3,71,12,500	-	1,98,268	1,02,75,200	-	-	5,37,655	4,81,23,623
Deletions during the year 2020-21	-	-	-	-	7,48,715	-	6,24,215	-	13,72,930
Balance as at 31st March, 2021	-	**5,80,61,096**	**1,16,16,936**	**2,93,132**	**9,83,57,481**	**30,02,845**	**21,12,883**	**10,35,056**	**17,44,79,429**
Accumulated depreciation									
Balance as at 1st April, 2019	-	-	-	-	-	-	-	-	-
Additions during the year 2019-20	-	14,76,349	2,08,197	22,127	1,28,72,311	5,91,548	8,90,674	98,010	1,61,59,216
Deletions during the year 2019-20	-	-	-	-	7,31,108	-	-	-	7,31,108
Balance as at 31st March, 2020	-	**14,76,349**	**2,08,197**	**22,127**	**1,21,41,203**	**5,91,548**	**8,90,674**	**98,010**	**1,54,28,108**
Additions during the year 2020-21	-	14,76,348	2,07,629	63,024	1,23,77,642	5,94,376	8,50,921	1,19,835	1,56,89,775
Deletions during the year 2020-21	-	-	-	-	4,33,083	-	3,37,837	-	7,70,920
Balance as at 31st March, 2021	-	**29,52,697**	**4,15,826**	**85,151**	**2,40,85,762**	**11,85,924**	**14,03,758**	**2,17,845**	**3,03,46,963**
Net carrying amount									
Balance as at 1st April, 2019	30,17,235	2,09,48,596	1,16,16,936	20,457	8,46,70,308	28,92,505	27,37,098	2,86,737	12,61,89,872
Balance as at 31st March, 2020	-	1,94,72,247	1,14,08,739	72,737	7,66,89,793	24,11,297	18,46,424	3,99,391	11,23,00,628
Balance as at 31st March, 2021	-	**5,51,08,399**	**1,12,01,110**	**2,07,981**	**7,42,71,719**	**18,16,921**	**7,09,125**	**8,17,211**	**14,41,32,466**

Notes:

4.1 On transition to Ind AS, the carrying values of all the property, plant and equipment under the previous GAAP have been considered to be the deemed cost under Ind AS. Also refer note 46.

4.2 For details of assets given as security, refer note 16.1 and 19.1.

K.C. LODHA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

Raj Rajendra Industries Limited MUMBAI

Raj Rajendra Industries Limited
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Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

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Right of use asset	Lease hold land	Factory land	Total
Gross carrying value			
Balance as at 1st April 2019	-	-	-
Additions (Transitional impact on adoption of Ind AS 116 - Refer note 40)	30,17,235	1,77,20,557	2,07,37,792
Additions during the year 2019-20	-	-	-
Deletions during the year 2019-20	-	-	-
Balance as at 31st March, 2020	**30,17,235**	**1,77,20,557**	**2,07,37,792**
Additions during the year 2020-21	-	-	-
Deletions during the year 2020-21	-	1,77,20,557	1,77,20,557
Balance as at 31st March, 2021	**30,17,235**	**-**	**30,17,235**
Accumulated depreciation			
Balance as at 1st April, 2019	-	-	-
Depreciation for the year 2019-20	55,357	51,78,546	52,33,903
Deletions during the year 2019-20	-	-	-
Balance as at 31st March, 2020	**55,357**	**51,78,546**	**52,33,903**
Depreciation for the year 2020-21	55,357	51,78,546	52,33,903
Deletions during the year 2020-21	-	1,03,57,091	1,03,57,091
Balance as at 31st March, 2021	**1,10,714**	**-**	**1,10,714**
Net carrying amount			
Balance as at 1st April, 2019	-	-	-
Balance as at 31st March, 2020	29,61,878	1,25,42,012	1,55,03,890
Balance as at 31st March, 2021	**29,06,521**	**-**	**29,06,521**

K. C. LODHA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

Raj Rajendra Industries Limited MUMBAI *

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

6

Investments	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
(a) Investment measured at Fair Value Through Profit or Loss			
Investment in equity instruments			
Unquoted			
RishabRaj Estate Dev. Private Limited 2,82,000 equity shares (31st March, 2020 2,82,000 and 1st April, 2019 2,82,000) of Rs 10 each	-	94,24,440	94,24,440
Sumati Spintex Private Limited 22,70,000 equity shares (31st March, 2020 22,70,000 and 1st April, 2019 22,70,000) of Rs. 10 each	2,29,72,400	2,29,72,400	2,29,72,400
Cosmos Co-Op Bank Limited 5,000 equity shares (31st March, 2020 5,000 and 1st April, 2019 5,000) of Rs. 20 each	1,00,000	1,00,000	1,00,000
Total	**2,30,72,400**	**3,24,96,840**	**3,24,96,840**
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	2,30,72,400	3,24,96,840	3,24,96,840
Market value of quoted investments	2,30,72,400	3,24,96,840	3,24,96,840
Aggregate amount of impairment in value of investments	-	-	-

7

Loans and advances (Unsecured, considered good unless otherwise stated)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Security deposits			
- Related Party (Refer note 33)	-	5,64,30,648	5,14,38,884
- Others	22,96,809	22,96,809	22,95,599
Advance for property			
- Related Party	10,00,000	-	-
- Others	3,57,48,580	4,96,65,000	4,96,65,000
Total	**3,90,45,389**	**10,83,92,457**	**10,33,99,483**

8

Other non-current assets (Unsecured, considered good unless otherwise stated)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Deferred advance rental on security deposit (Also refer note 40(a))	-	-	1,25,42,012
Income tax receivable (Net)	-	-	-
Total	**-**	**-**	**1,25,42,012**

9

Inventories (At lower of cost or net realisable value)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Raw material	7,50,80,581	5,07,49,680	5,53,77,430
Finished goods	66,68,846	1,02,78,130	1,48,28,590
Total	**8,17,49,427**	**6,10,27,810**	**7,02,06,020**

10

Trade receivable (Unsecured considered good, unless otherwise stated)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
- Considered good	5,05,47,408	13,33,17,881	15,18,75,145
- Considered doubtful	-	-	-
Total	**5,05,47,408**	**13,33,17,881**	**15,18,75,145**

Raj Rajendra Industries Limited MUMBAI

K. C. LODHA & ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

11	Cash and cash equivalent	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	Balances with bank			
	- In current accounts	1,27,641	96,015	63,042
	- Cash in hand	72,109	84,096	20,974
	Total	**1,99,750**	**1,80,111**	**84,016**

12	Loans and advances (Unsecured considered good, unless otherwise stated)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	Loans and advances to related party (Refer note 33)	8,15,00,000	2,34,52,811	96,50,000
	Total	**8,15,00,000**	**2,34,52,811**	**96,50,000**

13	Other current assets (Unsecured, considered good unless otherwise stated)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	Balances with Government authorities (GST input credit)	76,29,312	44,79,798	1,78,53,221
	Prepaid expenses	10,64,506	11,96,211	9,95,611
	GST refund receivable	71,77,245	1,02,05,831	-
	Deferred advance rental on security deposit (Also refer note 40(a))	-	-	51,78,546
	Fixed deposit (Maturity less than 12 months)	10,37,000	10,59,750	10,59,750
	Interest receivable	1,30,662	1,30,662	1,13,073
	Others	14,89,107	10,72,426	14,47,889
	Total	**1,85,27,832**	**1,81,44,678**	**2,66,48,089**

K.C. LODHA & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Raj Rajendra Industries Limited ★ MUMBAI

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

14 Share capital	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Authorised capital 120,00,000 (31st March, 2020: 120,00,000 1st April, 2019: 120,00,000) Equity Shares of Rs. 10 each.	12,00,00,000	12,00,00,000	12,00,00,000
Total	**12,00,00,000**	**12,00,00,000**	**12,00,00,000**
Issued, subscribed and paid-up 85,00,000 (31st March, 2020 85,00,000 1st April, 2019 85,00,000) Equity Shares of Rs. 10 each, fully paid up	8,50,00,000	8,50,00,000	8,50,00,000
Total	**8,50,00,000**	**8,50,00,000**	**8,50,00,000**

14.1 Terms/ rights attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, there are no preferential amounts inter se equity shareholders. The distribution will be in proportion to the number of equity shares held by the shareholders (after due adjustment in case shares are not fully paid up).

14.2 Reconciliation of the number of shares outstanding is set out below:

Particulars	31st March, 2021		31st March, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning	85,00,000	8,50,00,000	85,00,000	8,50,00,000
Add: Shares issued during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Number of shares at the end	85,00,000	8,50,00,000	85,00,000	8,50,00,000

14.2 Details of shareholders holding more than 5 % shares

Particulars	As at 31st March, 2021		As at 31st March, 2020		As at 1st April, 2019	
	Number of Shares	% held	Number of Shares	% held	Number of Shares	% held
Ganpath R. Jain*	10	0.00%	7,17,813	8.44%	7,17,813	8.44%
Harish R Jain*	10	0.00%	6,96,802	8.20%	6,96,802	8.20%
Kiran R. Jain*	10	0.00%	7,95,870	9.36%	7,95,870	9.36%
Smt. Rekha Jain*	10	0.00%	4,93,500	5.81%	4,93,500	5.81%
Smt. Leena Jain*	10	0.00%	4,95,000	5.82%	4,95,000	5.82%
Krkumar Industries Limited	36,64,100	43.11%	36,64,100	43.11%	36,64,100	43.11%
RRIL Limited*	48,35,840	56.89%	15,80,415	18.59%	-	-
Ratanchand D. Jain	-	-	-	-	8,56,815	10.08%
Smt. Priya G. Jain	-	-	-	-	4,81,500	5.66%

* Shares of RRIL Ltd include 60 shares that are held by other person in the ratio of 10 shares each as nominee of RRIL Ltd.

K. C. LODHA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

Raj Rajendra Industries Limited * MUMBAI

15 Other equity	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Surplus/ (deficit) in the Statement of Profit and loss			
As per last balance sheet	21,19,62,420	19,38,40,158	15,68,33,558
Add: Profit/(loss) for the year	77,29,207	1,81,22,262	3,70,06,600
Closing balance	**21,96,91,626**	**21,19,62,420**	**19,38,40,158**
Other comprehensive income			
As per last balance sheet	2,25,023	-	-
Add: Movement in OCI (Net) during the year	2,10,420	2,25,023	-
Closing balance	**4,35,443**	**2,25,023**	-
Total	22,01,27,069	21,21,87,443	19,38,40,158

16 Borrowings	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Non-current borrowings			
Secured			
Term loans (Refer note 16.1(a))			
- From banks (Refer Note 16.1(a) and 16.2)	1,93,21,107	2,17,36,161	2,44,95,152
From others	-	95,85,450	95,85,450
	1,93,21,107	3,13,21,611	3,40,80,602
Less: Current maturities of long term loans	36,73,345	25,91,618	1,34,67,625
Less: Interest accrued and due (Refer note 21)		-	-
Total	1,56,47,762	2,87,29,993	2,06,12,976

16.1 Details of security provided and terms of repayment

(a) Term Loan from Kotak Mahindra Bank is secured against Office Premises located at Borivali (E), Mumbai.

16.2 Term loan from bank is repayable in equated monthly installments and last installment payable in November 2025.

17 Provision	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Provision for gratuity (Refer note 36(ii)(a)	17,36,477	16,23,027	14,82,632
Total	17,36,477	16,23,027	14,82,632

K. C. LODHA & ASSOCIATES * MUMBAI * CHARTERED ACCOUNTANTS

Raj Rajendra Industries Limited MUMBAI *

Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

18	Deferred tax assets/ (liabilities)	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	Significant components of net deferred tax assets and liabilities			
	Deferred tax assets			
	Fiscal disallowances	4,57,613	-	-
	Sub-total (A)	**4,57,613**	**-**	**-**
	Deferred tax liabilities			
	Difference in net carrying value of property, plant and equipment, intangible assets and investment properties as per income tax and books	1,04,70,301	1,05,48,185	1,32,66,435
	Measurement of financial assets at fair value	54,275	13,24,237	13,24,237
	Fair value measurement of financial assets (net)	-	2,58,561	2,11,552
	Sub-total (B)	**1,05,24,576**	**1,21,30,983**	**1,48,02,224**
	Deferred tax assets/(liability) (A-B)	**(1,00,66,963)**	**(1,21,30,983)**	**(1,48,02,224)**

18.1 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2021 and 31st March 2020:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Profit before tax (a)	88,14,549	2,35,30,839
Income tax rate as applicable (b)	25.17%	25.17%
Income tax liability/(asset) as per applicable tax rate (a X b)	22,18,446	59,22,242
Tax effect of amounts which are not deductible/ not taxable in calculating taxable income		
(i) Expenses disallowed for tax purposes	(2,21,916)	1,87,555
(ii) Reversal of deferred tax liability due to tax rate reduction	(11,21,608)	(15,81,037)
(iii) Tax expenses of earlier years	-	6,54,795
Tax expense reported in the Statement of Profit and Loss/ Other comprehensive income	**8,74,922**	**51,83,554**

Note:

(a) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.

18.2 Income tax recognised in the Statement of Profit and Loss:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current tax		
In respect of the current year	29,38,943	72,00,000
In respect of the earlier years	-	6,54,795
	29,38,943	**78,54,795**
Deferred tax charge/ (credit)	(20,64,020)	(26,71,241)
	(20,64,020)	**(26,71,241)**
Total tax expense recognized in current year	**8,74,923**	**51,83,554**

K. C. LODHA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

Raj Rajendra Industries Limited * MUMBAI

(Amount in rupees, except share and per share data, unless otherwise stated)

19	Borrowings	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	Short term borrowings			
	Working capital loan			
	From bank			
	- Cash credit facility (Refer Note 19.1)	8,57,17,296	12,41,27,890	12,20,26,162
	Total	**8,57,17,296**	**12,41,27,890**	**12,20,26,162**

19.1 Working capital loan from Kotak Mahindra Bank Ltd is secured by Hypothecation of present and future stocks of Raw Material, Stock in Process, finished goods and Book debts of the Company and collaterally secured by fixed assets situated at Palghar & Umbergaon of the Company and personal guarantees of two directors.

20	Trade payables	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
	Outstanding dues of micro enterprises and small enterprises (Refer note 20.1)	-	-	-
	Outstanding dues of creditors other than micro enterprises and small enterprises			
	- Others	1,27,56,849	3,09,11,582	6,44,39,437
	Total	**1,27,56,849**	**3,09,11,582**	**6,44,39,437**

20.1 The amount due to Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act (MSMED Act), 2006 has been determined to the extent such parties have been identified on the basis of information collected by the management.

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Dues remaining unpaid at the year end:			
(a) The principle amount remaining unpaid to supplier as at the end of the accounting year	-	-	-
(b) The interest thereon remaining unpaid to supplier as at the end of the accounting year	-	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-
(d) Amount of interest due and payable for the year	-	-	-
(e) Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid	-	-	-

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21 Other financial liabilities

Other financial liabilities	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Current maturities of long term borrowings	36,73,345	25,91,618	1,34,67,625
Total	**36,73,345**	**25,91,618**	**1,34,67,625**

22 Other current liabilities

Other current liabilities	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Advance from customer	9,52,469	6,30,229	83,83,265
Statutory dues	7,88,778	11,66,989	13,40,189
Other payable	24,51,169	4,43,033	36,89,362
Total	**41,92,416**	**22,40,251**	**1,34,12,816**

23 Provision

Provision	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Provision for gratuity (Refer note 36((ii)(a))	81,757	71,569	58,853
Provision for Income Tax (net)	14,54,200	29,88,770	18,03,535
Provision for Expenses	12,27,059	22,13,981	21,45,059
Total	**27,63,016**	**52,74,320**	**40,07,447**

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24	Revenue from operations	Year ended 31st March, 2021	Year ended 31st March, 2020
	Income from sale of goods and services		
	- Sale of goods	298,318,159	741,030,139
	- Job work income	6,451,460	4,411,979
	Other operating revenue	-	-
	Total	304,769,619	745,442,119

25	Other income	Year ended 31st March, 2021	Year ended 31st March, 2020
	Interest income on		
	- on fixed deposit with bank	101,108	101,108
	- Interest from customers	3,512,912	8,039,022
	- Interest on advances	2,119,771	-
	- Interest on deposit GEB	130,662	-
	- Rent deposit (Fair value adjustment)	5,596,883	4,991,765
	Sales tax refund	373,184	837,243
	Rental income	672,500	490,000
	Profit on sale/ discard of property, plant and equipment	4,426,728	481,796
	Insurance claim receipt	1,929,209	-
	Miscellaneous Income	446,753	-
	Total	19,309,709	14,940,933

26	Cost of raw material consumed	Year ended 31st March, 2021	Year ended 31st March, 2020
	Opening Stock		
	Raw Material (Yarn)	29,516,490	51,879,880
	Raw Material (Grey)	21,233,190	3,497,550
	Total Opening Stock (A)	50,749,680	55,377,430
	Add : Purchases		
	Yarn	166,682,705	379,105,449
	Fabrics	69,039,323	186,965,525
	Total Purchase (B)	**235,722,028**	**566,070,974**
	Less: Closing stock		
	Raw Material (Yarn)	57,482,304	29,516,490
	Raw Material (Grey)	17,598,277	21,233,190
	Total of Closing stock (C)	75,080,581	50,749,680
	Cost of raw material consumed (A+B-C)	211,391,127	570,698,724

27	Changes in inventories of work in progress and finished goods	Year ended 31st March, 2021	Year ended 31st March, 2020
	Opening Stock of Finished Goods	10,278,130	14,828,590
	Closing Stock of Finished Goods	6,668,846	10,278,130
	Total	3,609,284	4,550,460

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28	Manufacturing expenses	Year ended 31st March, 2021	Year ended 31st March, 2020
	Power and fuel	71,11,700	1,20,54,070
	Job charges	79,63,041	2,32,33,625
	Consumption of stores and spares	66,12,248	99,48,556
	Transportation charges	6,28,794	8,59,402
	Repairs expenses for	-	
	- Buildings	-	-
	- Plant and machinery	11,04,227	31,97,201
	Insurance	26,55,517	25,89,941
	Total	**2,60,75,527**	**5,18,82,795**

29	Employee benefit expenses	Year ended 31st March, 2021	Year ended 31st March, 2020
	Salaries, wages and bonus	2,87,80,081	4,51,62,993
	Directors remuneration	39,40,000	52,25,000
	Contribution to provident and other funds	2,31,902	5,06,069
	Provision for gratuity (Refer note 36(ii)(a))	4,04,828	4,53,815
	Staff welfare expenses	6,47,409	9,39,970
	Total	**3,40,04,220**	**5,22,87,846**

30	Finance costs	Year ended 31st March, 2021	Year ended 31st March, 2020
	Interest on Borrowings	93,48,047	1,36,02,036
	Total	**93,48,047**	**1,36,02,036**

31	Other expenses	Year ended 31st March, 2021	Year ended 31st March, 2020
	Licenses, rates and taxes	15,52,800	15,90,695
	Repairs expenses for		
	- Others	6,51,189	12,09,204
	Selling and distribution expenses	7,78,017	24,44,301
	Brokerage expenses	49,17,830	1,20,88,106
	Communication expenses	1,49,009	3,32,821
	Printing and stationery	1,68,323	2,44,421
	Legal, professional and consultancy charges	8,04,800	19,58,743
	Travelling and conveyance	6,29,028	10,14,001
	Office expenses	1,58,351	12,22,891
	Auditors' remuneration (Refer Note 31.1)	1,50,000	50,000
	Loss on sale of investment	1,18,440	-
	Donation	45,500	5,28,100
	Exchange fluctuation (Net)	-	4,043
	Bank Charges	70,800	50,610
	Total	**1,01,94,088**	**2,27,37,937**

31.1	Auditors' remuneration	Year ended 31st March, 2021	Year ended 31st March, 2020
	Statutory audit fees	1,10,000	35,000
	Tax audit fees	40,000	15,000
	Total	**1,50,000**	**50,000**

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32 Capital commitments, other commitments and contingent liabilities

32.1 Capital Commitments.

(a) Estimated amount of capital commitments to be executed on capital accounts and not provided for Rs. 17.65 crores as at 31st March, 2021 (31st March, 2020: Rs. Nil; As at 1st April, 2019: Rs. Nil) (Net of advances).

32.2 Contingent liability (to the extent not provided for)

(i) Claims against the Company/ disputed liabilities not acknowledged as debts	Nil

In respect of above, the Company does not expect any reimbursement in respect of above.

33 Disclosures as required by Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures

33.1 Name and relationships of related parties:

(a)	Entities having significant influence over the Company	Krkumar Industries Limited RRIL Limited
(b)	Entities in which Director/ KMP and relatives have significant influence (Only where there are transactions/ balances)	Rishabraj Estate Developers Private Limited SGR Textile House LLP Sumati Spintex Private Limited KRKumar Industries Limited
(c)	Key Management Personnel [KMP]:	Mr. Ganpath Jain, (Managing Director) Mr. Kiran R. Jain, (Director) (appointed w.e.f 05th August 2020) Mr. Hiren Chheda, (Director) (resigned w.e.f 05th August 2020) Mr. Hiren Chheda, (Additional Director) (appointed w.e.f 01st January 2021) Mr. Ratanchand D. Jain, (Director) (Resigned w.e.f 01st January 2021)
(d)	Relatives of KMP (Only where there are transactions)	Mrs. Priya G Jain Mrs. Leena K Jain Mr. Harish Jain
(e)	Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place during the year	Mr. Sunil Giri, Company Secretary (Resigned w.e.f 31st March 2021)

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33.2 Transactions with related parties

Nature of transaction	Name of the party	Year ended 31st March 2021	Year ended 31st March 2020
Remuneration paid	Ratanchand D. Jain	-	19,25,000
	Ganpath R. Jain	12,00,000	24,00,000
	Kiran R. Jain	16,00,000	-
	Hiren Chedda	11,40,000	9,00,000
Salary paid	Priya G. Jain	18,00,000	18,00,000
	Leena K. Jain	18,00,000	18,00,000
	Kiran R. Jain	8,00,000	24,00,000
	Sunil Giri	5,25,554	5,84,984
Business Advance given	SGR Textile House LLP	-	10,00,000
Business Advance repaid	SGR Textile House LLP	-	10,00,000
Loan given	Rishabraj Estate Developers Private Limited	2,25,00,000	2,70,00,000
Loan received back	Rishabraj Estate Developers Private Limited	4,13,599	1,50,00,000
Interest income	Rishabraj Estate Developers Private Limited	19,60,788	20,03,123
Rent Income	RRIL Limited	42,500	-
Sale of Investment*	Harish R. Jain	93,06,000	-
Advance for Property	Rishabraj Estate Developers Private Limited	10,00,000	-
Purchase of fixed assets	Rishabraj Estate Developers Private Limited	3,60,00,000	-

* Shares of Rishabraj Estate Developers Private Limited sold during the year.

33.3 Related party outstanding balances:

Nature of transaction	Name of the party	As at 31st March 2021	As at 31st March 2020	As at 1st April 2019
Security deposit given	Rishabraj Estate Developers Private Limited	-	7,00,00,000	7,00,00,000
Loan given	Rishabraj Estate Developers Private Limited	8,15,00,000	2,34,52,811	96,50,000
Investment in shares (Investment done in earlier years)	Sumati Spintex Pvt. Ltd	2,29,72,400	2,29,72,400	2,29,72,400
	Rishabraj Estate Developers Private Limited	-	94,24,440	94,24,440

Notes:

(a) Transactions with related parties and outstanding balances at the year end are disclosed at transaction value.

(b) In addition to above transactions, two directors of the company have given personal guarantee for loan taken by the Company (Refer note 19.1)

33.4 Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. For the year ended 31st March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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34 Breakup of compensation to key managerial personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

(a) Compensation to KMP as specified in note 33.1 (c) above:

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Short term employee benefits	39,40,000	52,25,000
Other long term benefits*	-	-
Total	**39,40,000**	**52,25,000**

(b) Compensation to KMP as specified in note 33.1 (e) above:

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Short term employee benefits	5,25,554	5,84,984
Other long term benefits*	-	-
Total	**5,25,554**	**5,84,984**

*As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

35 Earnings per share

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Basic and diluted earning per share		
Profit attributable to the equity holders of the Company	77,29,207	1,81,22,262
Weighted average number of equity shares	85,00,000	85,00,000
Face value per equity share (Rs.)	10	10
Basic and diluted earnings per share	0.91	2.13

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36 Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

(i) Disclosures for defined contribution plan

The Company has certain defined contribution plans. The obligation of the Company is limited to the amount contributed and it has no further contractual obligation. Following is the details regarding Company's contributions made during the year:

Particulars	2020-2021	2019-2020
Provident fund	2,31,902	4,57,694
Employees' state insurance (ESIC)	74,072	48,375
Total	**3,05,974**	**5,06,069**

(ii) Disclosures for defined benefit plans

(a) Defined benefit obligations - Gratuity (funded)

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The scheme is unfunded.

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Interest rate risk	The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

For determination of the liability in respect of compensated gratuity, the Company has used following actuarial assumptions:

Particulars	2020-2021	2019-2020
Discount Rate (per annum)	6.77%	6.66%
Salary Escalation (per annum)	3% - 4%	5.00%
Attrition Rate (per annum)	3.00%	3.00%
Mortality Rate	As per Indian Assured Lives Mortality (2012-14)	

Changes in the present value of obligations	2020-2021	2019-2020
Liability at the beginning of the year	16,94,597	15,41,485
Interest cost	1,12,860	1,19,003
Current service cost	2,91,967	3,34,813
Benefits paid	-	-
Past service cost	-	-
Actuarial (gain)/loss on obligations	(2,81,190)	(3,00,704)
Liability at the end of the year	**18,18,234**	**16,94,597**

Table of recognition of actuarial gain / loss	2020-2021	2019-2020
Actuarial (gain)/ loss on obligation for the year	(2,81,190)	(3,00,704)
Actuarial gain/ (loss) on assets for the year	-	-
Actuarial (gain)/ loss recognised in Statement of Profit and Loss	**(2,81,190)**	**(3,00,704)**

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Breakup of actuarial (gain) /loss:	2020-2021	2019-2020
Actuarial loss/(gain) arising from change in demographic assumption	-	-
Actuarial loss arising from change in financial assumption	(3,37,888)	(2,86,079)
Actuarial loss/(gain) arising from experience	56,698	(14,625)
Total	(2,81,190)	(3,00,704)

Amount recognized in the Balance Sheet:	As at 31st March 2021	As at 31st March 2020	As at 1st April 2019
Liability at the end of the year	18,18,234	16,94,596	15,41,485
Fair value of plan assets at the end of the year	-	-	-
Amount recognized in Balance Sheet	18,18,234	16,94,596	15,41,485

Expenses recognized in the Income Statement:	2020-2021	2019-2020
Current service cost	2,91,967	3,34,813
Interest cost	1,12,860	1,19,003
Expected return on plan assets	-	-
Past Service Cost	-	-
Actuarial (Gain)/Loss	(2,81,190)	(3,00,704)
Expense/ (income) recognized in		
- Statement of Profit and Loss	4,04,828	4,53,815
- Other comprehensive income	(2,81,190)	(3,00,704)

Balance sheet reconciliation	As at 31st March 2021	As at 31st March 2020
Opening net liability	16,94,596	15,41,485
Expense recognised in Statement of Profit and Loss & OCI	1,23,638	1,53,111
Amount recognized in Balance Sheet	18,18,234	16,94,596
Non current portion of defined benefit obligation	-	-
Current portion of defined benefit obligation	18,18,234	16,94,596

Sensitivity analysis of benefit obligation (Gratuity)

Particulars	2020-21	2019-20	2018-19
a)Impact of change in discount rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	15,78,626	14,70,512	13,25,468
b) Impact due to decrease of 1%	21,04,653	19,62,803	18,02,712
b)Impact of change in salary growth			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	21,20,664	19,80,449	18,16,522
b) Impact due to decrease of 1%	15,62,678	14,53,547	13,11,626
c)Impact of change in withdrawal rate			
Present value of obligation at the end of the year			
a) withdrawal rate Increase	18,86,469	17,84,483	16,04,364
b) withdrawal rate decrease	17,40,587	15,92,318	14,69,149

Maturity profile of defined benefit obligation

Particulars	As at 31st March 2021	As at 31st March 2020	As at 1st April 2019
Weighted average duration of the defined benefit obligation	18.00	18.06	19.70
Projected benefit obligation	18,18,234	16,94,596	15,41,485
Accumulated benefit obligation	18,18,234	16,94,596	15,41,485

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Pay-out analysis

Particulars	As at 31st March 2021	As at 31st March 2020	As at 1st April 2019
1st year	81,757	71,569	58,874
2nd year	32,438	33,276	39,519
3rd year	35,362	36,406	29,300
4th year	37,467	38,744	32,202
5th year	39,268	40,442	34,351
Next 5 year pay-out (6-10 year)	3,14,094	1,80,299	1,58,895

(b) Compensated absences (non-funded)

As per the policy of the Company, obligations on account of benefit of accumulated leave of an employee is settled every year and there is no accumulation of leave. Such liability is recognised on accrual basis calculated arithmetically based on year end unpaid leave compensation which is going to be paid in subsequent year.

37 Note on Cash Flow Statement

i) The aggregate amount of outflow on account of direct taxes paid is Rs. 33,27,379 (Previous year Rs. 66,69,560).

ii) Changes in financing liabilities arising from cash and non-cash changes:

Particulars	Opening balance	Cash flows	Non-cash changes	Closing
	1st April 2020	2020-2021		31st March 2021
Borrowings (including interest dues)	15,54,49,501	(5,04,11,098)	-	10,50,38,403
Total	**15,54,49,501**	**(5,04,11,098)**	**-**	**10,50,38,403**
	1st April 2019	2019-2020		31st March 2020
Borrowings (including interest dues)	15,61,06,764	(6,57,263)	-	15,54,49,501
Total	**15,61,06,764**	**(6,57,263)**	**-**	**15,54,49,501**

38 Disclosures as required by Indian Accounting Standard (Ind AS) 108 - Operating Segments

There are no reportable segments under Ind AS-108 'Operating Segments' as the Company is operating only in the "Manufacturing of Fabrics", therefore, disclosures of segment wise information is not applicable. Further, no single customer represents 10% or more of the Company's total revenue during the year ended 31st March 2021 and 31st March 2020.

39 The outbreak of COVID-19 across the globe and in India has resulted in pandemic requiring unprecedented steps to combat it. Consequent to the nation-wide lockdown imposed by the Central Government from March 23, 2020 to prevent the spread thereof, the Company had to shut down its factories and all its operational activities across its locations, impacting the business during the quarter. The Company has taken and shall continue to take various precautionary measures to protect employees and their families from COVID-19.

Significant decline in the economic activity of the whole nation and the disruption created across the businesses have affected the operations of the Company as well, the impact whereof would evolve around the developments taking place in forthcoming months.

The operations of the Company have resumed in a partial manner at manufacturing locations from June 2020, taking cognizance of the Governments' views around resuming manufacturing activities with controlled entry and exit facilities, maintaining appropriate distancing and following other directives of the regulatory authorities.

Further, the Company expects to recover the carrying amount of all its assets including inventory, receivables and loans in the ordinary course of business based on information available on current economic conditions. The Company is continuously monitoring any material changes in future economic conditions for taking prompt corrective actions within its purview and would keep assessing the impact for taking appropriate cognizance in financial reporting in the forthcoming quarters.

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40 Leases (Ind AS 116)

(a) As lessee

Effective April 1, 2019, the Company adopted Ind AS 116 and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The incremental borrowing rate applied to lease liabilities as at April 1, 2019 - 9.5% p.a.

Following is the information pertaining to leases for the year ended March 2021 and March 2020:

Particulars	As at 31st March 2021	As at 31st March 2020
	Amount	Amount
a. Depreciation charge for Right to Use Asset	52,33,903	52,33,903
b. Interest expense on Lease Liability	-	-
c. Expense relating to short term leases accounted in profit & loss	-	10,21,500
d. Total Cash Outflow for leases for the period	-	-
e. Additions to Right to use Assets	-	-
f. Carrying Amount of Right to use Assets as on March 31, 2021	29,06,521	1,55,03,890

(b) As Lessor:

The Company has given certain part of its property on operating lease. These lease arrangements are for a period of 2 years and cancellable. Rental income from leasing of property of Rs. 6,72,500 (Previous year: Rs. 490,000) is recognised in the Statement of Profit and Loss. The initial direct cost (if any) is charged off to expenses in the year in which it is incurred.

The Company has not given any property under non-cancellable operating lease.

41 Expenditure incurred in Foreign currency

Particulars	Year ended 31st March 2021
Travelling	-
C.I.F value of Import- Yarn	-
C.I.F value of Import- Stores & Spares	56,43,793

42 Additional information as required by para 5 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.

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43 Financial instruments - Accounting classifications & fair value measurement

(a) Financial instruments by category

Sr. No.	Particulars	31st March, 2021			31st March, 2020			1st April, 2019		
		Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
A	**Financial assets**									
(i)	Non-current investments	-	-	2,30,72,400	-	-	3,24,96,840	-	-	3,24,96,840
(ii)	Other non-current financial asset	3,90,45,389	-	-	10,83,92,457	-	-	10,33,99,483	-	-
(iii)	Trade receivables (net)	5,05,47,408	-	-	13,33,17,881	-	-	15,18,75,145	-	-
(iv)	Cash and cash equivalents	1,99,750	-	-	1,80,111	-	-	84,016	-	-
(v)	Loans	8,15,00,000	-	-	2,34,52,811	-	-	96,50,000	-	-
	Total financial assets	**17,12,92,547**	**-**	**2,30,72,400**	**26,53,43,261**	**-**	**3,24,96,840**	**26,50,08,643**	**-**	**3,24,96,840**
B	**Financial liabilities**									
(i)	Non-current borrowings (Including current maturities)	1,56,47,762	-	-	2,87,29,993	-	-	2,06,12,976	-	-
(ii)	Current borrowings	8,57,17,296	-	-	12,41,27,890	-	-	12,20,26,162	-	-
(iii)	Trade payables	-	-	-	-	-	-	-	-	-
(iv)	Other current financial liabilities	-	-	-	25,91,618	-	-	1,34,67,625	-	-
	Total financial liabilities	**10,13,65,058**	**-**	**-**	**15,54,49,501**	**-**	**-**	**15,61,06,764**	**-**	**-**

FVTOCI - Fair Value Through Other Comprehensive Income
FVTPL - Fair Value Through Profit or Loss

(b) Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The management assessed that fair value of Trade receivables (net), Cash and cash equivalents, Loans, Current borrowings, Trade payables and Other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value will be approximate to their carrying amounts as they are priced to market interest rates on or near the end of reporting period.

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(c) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(d) Financial assets/ liabilities measured at fair value

The following table represents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis.

Particulars	Level	31st March, 2021		31st March, 2020		1st April, 2019	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets							
Non-current investments	Level 3	2,27,56,750	2,29,72,400	2,71,35,250	3,23,96,840	2,71,35,250	3,23,96,840
Total financial assets		**2,27,56,750**	**2,29,72,400**	**2,71,35,250**	**3,23,96,840**	**2,71,35,250**	**3,23,96,840**

(e) Valuation techniques used to determine fair value

The level 3 hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(a) Discounted cash flow method (income approach) is used for valuation of investment in equity instruments.

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(f) The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (e) above for the valuation techniques adopted.

Sr. No.	Particulars	Fair value as at			Significant unobservable inputs	Probability - Weighted range	Sensitivity Impact^	
		31st March 2021	31st March 2020	1st April 2019			Reduction in discount rate FV Increase^	Increase in discount rate FV Decrease^
1	Unlisted equity instruments	2,30,72,400	3,24,96,840	3,24,96,840	Discount Rate	1.00%	As at 31st March 2021: Rs. 24,947,300; As at 31st March 2020: Rs. 58,91,880; As at 1st April 2019: Rs.58,91,880.	As at 31st March 2021: Rs. 21,088,300; As at 31st March 2020: Rs.53,69,620; As at 1st April 2019: Rs.53,69,620.

*Sensitivity has been considered for mentioned inputs, keeping the other variables constant. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

^ This represents increase/ decrease in fair values considering changes in inputs.

(g) The following table presents the changes in level 3 items for the year ended 31 March 2021 and 31st March 2020:

Particulars	Investment in equity instrument
As at 1st April 2019	3,24,96,840
Acquisition during the year	-
Disposal during the year	-
Gains/(loss) recognised in other comprehensive income/ Statement of profit and loss	-
As at 31st March 2020	**3,24,96,840**
Acquisition during the year	-
Disposal during the year	93,06,000
Gains/(loss) recognised in other comprehensive income/ Statement of profit and loss	(1,18,440)
As at 31st March 2021	**2,30,72,400**

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(h) Fair value of instruments measured at amortised cost:

Particulars	Level	31st March, 2021		31st March, 2020		1st April, 2019	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets							
Investment	Level 3	2,30,72,400	2,30,72,400	3,24,96,840	3,24,96,840	3,24,96,840	3,24,96,840
Loans	Level 3	3,90,45,389	3,90,45,389	10,83,92,457	10,83,92,457	10,33,99,483	10,33,99,483
Trade receivable	Level 3	5,05,47,408	5,05,47,408	13,33,17,881	13,33,17,881	15,18,75,145	15,18,75,145
Cash and cash equivalent	Level 3	1,99,750	1,99,750	1,80,111	1,80,111	84,016	84,016
Loans	Level 3	8,15,00,000	8,15,00,000	2,34,52,811	2,34,52,811	96,50,000	96,50,000
Total financial assets		**19,43,64,947**	**19,43,64,947**	**29,78,40,101**	**29,78,40,101**	**29,75,05,483**	**29,75,05,483**
Financial liabilities							
Borrowings	Level 3	10,13,65,058	10,13,65,058	15,28,57,883	15,28,57,883	14,26,39,139	14,26,39,139
Trade payable	Level 3	-	-	-	-	-	-
Other financial liabilities	Level 3	41,92,416	41,92,416	22,40,251	22,40,251	1,34,12,816	1,34,12,816
Total financial liabilities		**10,55,57,474**	**10,55,57,474**	**15,50,98,134**	**15,50,98,134**	**15,60,51,955**	**15,60,51,955**

Notes:

(i) The above disclosures are given only for non-current financial assets and non-current financial liabilities. Short term financial assets and current financial liabilities (investment, cash and cash equivalents, other receivables, trade payables and other current financial liabilities) represents the best estimate of fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1 and Level 2 for the years ended March 31, 2021, March 31, 2020 and April 1, 2019.

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44 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Board of Director oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by internal audit team. Internal audit team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk

(a) Credit risk :

Credit risk arises from the possibility that customers or counterparty to financial instruments may not be able to meet their obligations. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Credit risks arises from cash and cash equivalents, deposits with banks, financial institutions and others, as well as credit exposures to customers, including outstanding receivables.

The Company considers factors such as track record, size of institutions, market reputation and service standards to select banks with which balances and deposits are maintained. the balances and fixed deposits are generally maintained with the banks with whom the Company has regular transactions. Further, the Company does not maintain significant cash in hand other than those required for its day to day operations. Considering the same, the Company is not exposed to expected credit loss of cash and cash equivalent and bank balances.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before entering into contract. Sale limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company.

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(b) Liquidity risk :

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

(i) Maturities of financial liabilities:

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Less than 1 year	1 to 5 year	Above 5 years	Total
As at 31st March 2021				
Borrowings	36,73,345	1,56,47,762	-	1,93,21,107
Trade payables	-	-	-	-
Other current financial liabilities	-	-	-	-
As at 31st March 2020				
Borrowings	25,91,618	2,87,29,993	-	3,13,21,611
Trade payables	-	-	-	-
Other current financial liabilities	25,91,618	-	-	25,91,618
As at 1st April 2019				
Borrowings	1,34,67,625	2,06,12,976	-	3,40,80,602
Trade payables	-	-	-	-
Other current financial liabilities	1,34,67,625	-	-	1,34,67,625

(c) Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The pre dominant currency of the Company's revenue and operating cash flows is Indian Rupees (INR). Company has earnings in foreign currency. There is no foreign currency risk as there is no outstanding foreign currency exposure at the year end.

(d) Interest Rate Risk

The Company has taken term loans from bank and others. With respect to loans from banks and others aggregating to Rs. 1,93,21,107 as at 31st March 2021 (as at 31st March 2020 Rs. 3,13,21,611 and as at 1st April 2019 Rs. 3,40,80,602), interest rate is fixed. Therefore, there are no interest rate risks, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

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45 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern so, that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce cost of capital. The Company manages its capital structure and make adjustments to, in light of changes in economic conditions, and the risk characteristics of underlying assets. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowing (including current and non-current terms loans as shown in the balance sheet).

The Company monitors capital using 'Total Debt' to 'Equity'. The Company's Total Debt to Equity are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 1st April, 2019
Total debt*	10,50,38,403	15,54,49,501	15,61,06,764
Total capital (total equity shareholder's fund)	30,51,27,069	29,71,87,443	27,88,40,158
Net debt to equity ratio	0.34	0.52	0.56

* Total debt = Non-current borrowings + current borrowings + current maturities of non-current borrowings

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46 Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards

(a) Basis of preparation

These are the Company's first financial statements prepared in accordance with Ind AS. For the periods up to and including the year ended 31 March 2020, the Company had prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31st March 2021, together with the comparative period data as at and for the year ended 31st March 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2019 being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2019 and the financial statements as at and for the year ended 31st March 2020 to Ind AS.

(b) Previous year figures have been regrouped/reclassified in IGAAP wherever necessary to conform with financial statements prepared as per Ind AS.

(c) Exemption availed

"Ind AS 101 - First-time adoption of Indian Accounting Standards" allows first time adopters certain exemptions from the retrospective application of certain Ind AS. The Company has applied the following optional exemption:

(i) Deemed cost of property, plant and equipment, intangible asset and investment property

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous Indian GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous Indian GAAP carrying value.

(d) Estimates

The estimates at 1st April 2019 and at 31st March 2020 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) except in respect of impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present impairment of financial assets based on the expected credit loss model is in accordance with Ind AS which reflect conditions as at 1st April 2019, the date of transition to Ind AS and as of 31st March 2020.

(e) Reconciliation between previous India GAAP and Ind AS

Ind AS 101 requires the Company to reconcile the effects of the transition from Indian GAAP to Ind AS on the equity as at 1st April 2019 and 31st March 2020 and nn the total comprehensive loss and cash flows for the year ended 31st March 2020:

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(i) Reconciliation of equity as on 1st April 2019 (i.e. date of transition to Ind AS)

	Reference	Indian GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
a) Property, plant and equipment	46(c)(i) & 46(f)(iv)	12,61,89,874	-	12,61,89,874
b) Right of use asset		-	-	-
c) Financial assets				
i) Investments	46(f) (iii)	2,72,35,250	52,61,590	3,24,96,840
ii) Loans and advances	46(f) (ii)	12,19,60,599	(1,85,61,116)	10,33,99,483
d) Other non-current asset		-	1,25,42,012	1,25,42,012
(A)		27,53,85,723	(7,57,515)	27,46,28,208
Current assets				
a) Inventories		7,02,06,020	-	7,02,06,020
b) Financial assets				
i) Trade receivables		15,18,75,145	-	15,18,75,145
ii) Cash and cash equivalents		11,43,766	(10,59,750)	84,016
iii) Loans	46(f) (iv)	97,63,073	(1,13,073)	96,50,000
c) Other current assets	46(f) (ii)	2,02,96,721	63,51,368	2,66,48,089
(B)		25,32,84,724	51,78,546	25,84,63,270
TOTAL (A + B)		52,86,70,447	44,21,031	53,30,91,478
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		8,50,00,000	-	8,50,00,000
b) Other equity		19,09,54,916	28,85,242	19,38,40,158
(A)		27,59,54,916	28,85,242	27,88,40,158
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings		2,06,12,976	-	2,06,12,976
b) Provisions		14,82,632	-	14,82,632
c) Deferred tax liabilities	46(f) (vi)	1,32,66,435	15,35,789	1,48,02,224
(B)		3,53,62,043	15,35,789	3,68,97,832
Current liabilities				
a) Financial liabilities				
i) Short term borrowings		12,20,26,162	-	12,20,26,162
ii) Trade payables				
- Amount due to Micro and small enterprises		-	-	-
- Amount due to other than Micro and small enterprises	46(f) (iv)	6,65,84,496	(21,45,060)	6,44,39,437
iii) Other financial liabilities		1,71,56,988	(36,89,360)	1,34,67,625
b) Other current liabilities		97,23,454	36,89,360	1,34,12,816
c) Provisions		18,62,388	21,45,060	40,07,447
(C)		21,73,53,488	-	21,73,53,488
TOTAL (A+B+C)		52,86,70,447	44,21,031	53,30,91,478

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(ii) Reconciliation of equity as on 31st March 2020

	Reference	Indian GAAP	Adjustments	Ind AS
ASSETS				
a) Property, plant and equipment	46(c)(i) & 46(f) (iv)	11,52,62,506	(29,61,878)	11,23,00,628
b) Right of use asset	40 & 46(f) (iv)	-	1,55,03,890	1,55,03,890
c) Financial assets				
i) Investments	46(f) (iii)	2,72,35,250	52,61,590	3,24,96,840
ii) Loans and advances	46(f) (iv)	12,19,61,809	(1,35,69,352)	10,83,92,457
d) Other non-current asset		-	-	-
(A)		26,44,59,565	42,34,250	26,86,93,815
Current Assets				
a) Inventories		6,10,27,810	-	6,10,27,810
b) Financial assets				
i) Trade receivables		13,33,17,881	-	13,33,17,881
ii) Cash and cash equivalents		12,39,861	(10,59,749)	1,80,111
iii) Loans	46(f) (iv)	2,35,83,473	(1,30,662)	2,34,52,811
c) Other current assets	46(f) (ii)	1,69,54,266	11,90,412	1,81,44,678
(B)		23,61,23,291	1	23,61,23,292
TOTAL (A + B)		50,05,82,856	42,34,251	50,48,17,107
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		8,50,00,000	-	8,50,00,000
b) Other equity		20,95,35,990	26,51,453	21,21,87,443
(A)		29,45,35,990	26,51,453	29,71,87,443
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings		2,87,29,993	-	2,87,29,993
b) Provisions		16,23,027	-	16,23,027
c) Deferred tax liabilities	46(f) (vi)	1,05,48,185	15,82,798	1,21,30,983
(B)		4,09,01,205	15,82,798	4,24,84,003
Current liabilities				
a) Financial liabilities				
(i) Short term borrowings		12,41,27,890	-	12,41,27,890
(ii) Trade payables				
- Amount due to Micro and small enterprises		-	-	-
- Amount due to other than Micro and small enterprises		3,31,25,563	(22,13,981)	3,09,11,582
(iii) Other financial liabilities	46(f) (i) & 46(f) (iv)	30,34,651	(4,43,033)	25,91,618
b) Other current liabilities		17,97,218	4,43,033	22,40,251
c) Provisions		30,60,339	22,13,981	52,74,320
(C)		16,51,45,661	-	16,51,45,661
TOTAL (A+B+C)		50,05,82,856	42,34,251	50,48,17,107

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(iii) Reconciliation of Statement of profit and loss for the year ended 31st March 2020

Particulars	Reference	Indian GAAP	Adjustments	Ind AS
Income				
Revenue from operations	46(f) (iv)	74,54,42,119	-	74,54,42,119
Other income	46(f) (iv) & 46(f) (ii)	99,49,169	49,91,765	1,49,40,933
Total income (A)		**75,53,91,287**	**49,91,765**	**76,03,83,052**
Expenses				
Cost of materials consumed		57,06,81,522	-	57,06,81,522
Purchase of stock in trade		17,202	-	17,202
Changes in inventories of finished goods		45,50,460	-	45,50,460
Manufacturing expenses		5,18,82,795	-	5,18,82,795
Employee benefit expenses	46(f) (v)	5,19,87,143	3,00,704	5,22,87,846
Finance costs	46(f) (i)	1,36,52,646	(50,610)	1,36,02,036
Depreciation and amortisation		1,62,14,573	51,78,546	2,13,93,119
Other expenses	46(f) (i)	2,26,87,327	50,610	2,27,37,937
Total expenses (B)		**73,16,73,668**	**54,79,249**	**73,71,52,917**
Profit before tax (A - B) (C)		**2,37,17,620**	**(4,87,484)**	**2,32,30,135**
Tax expense:				
- Current tax		72,00,000	-	72,00,000
- Deferred tax charge/ (credit)		6,54,795	-	6,54,795
- Prior period adjustments income tax	46(f)	(27,18,250)	(28,672)	(27,46,922)
		51,36,545	(28,672)	51,07,873
Profit after tax (C - D) (E)		**1,85,81,075**	**(4,58,812)**	**1,81,22,262**
Other comprehensive income / (loss)				
a) (i) Items not to be reclassified subsequently to Statement of Profit and Loss				
- Remeasurement of defined benefit plans - gain/(loss)	46(f) (v)	-	3,00,704	3,00,704
(ii) Income tax relating to items that will be classified to profit or loss	46(f) (v)	-	(75,681)	(75,681)
b) (i) Items that will be reclassified subsequently to statement of Profit and Loss		-	-	-
(ii) Income tax relating to items that will be classified to profit or loss		-	-	-
Other comprehensive income for the year (G)		**-**	**2,25,023**	**2,25,023**
Total comprehensive income for the year (F + G)		**1,85,81,075**	**(2,33,789)**	**1,83,47,285**

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(iv) Equity reconciliation

Particulars	Reference	As at 31st March 2020	As at 1st April 2019
Total equity (shareholder's fund) as per Indian GAAP		**29,45,35,990**	**27,59,54,916**
Adjustments:			
Fair valuation of security deposit	46(f) (ii)	(10,27,340)	(8,40,559)
Fair valuation of investments	46(f) (ii)	52,61,590	52,61,590
Deferred tax on above Ind AS adjustment	46(f) (vi)	(15,82,798)	(15,35,789)
Total impact (shareholder's fund) as per Ind AS		**29,71,87,442**	**27,88,40,158**

(v) Reconciliation of total comprehensive income for the year ended 31st March 2020

Particulars	Reference	For the year ended 31st March 2020
Profit after tax as per IGAAP		**1,85,81,075**
Actuarial (gain)/loss on defined benefit liabilities reclassified to Other Comprehensive Income	46(f) (v)	(2,25,023)
Fair valuation of financial assets and liabilities	46(f) (ii)	-
Fair valuation of rental deposits (net)	46(f) (ii)	(1,86,781)
Deferred tax on Ind AS adjustments	46(f) (vi)	(47,009)
Total comprehensive Profit/(Loss) as per Ind AS (A)		**1,81,22,262**
Add: Other comprehensive income (net of tax) (B)	46(f) (v)	2,25,023
Total comprehensive income (A+B)		**1,83,47,285**

(vi) Impact of Ind AS on statement of cash flows for the year ended 31st March 2020

	Reference	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	46(f)	2,57,07,397	(45,44,900)	2,11,62,499
Net cash flow (used in) investing activities	46(f)	(60,12,487)	(7,94,620)	(68,07,105)
Net cash flow (used in) financing activities	46(f)	(1,43,09,909)	50,610	(1,42,59,298)
Net Increase / (Decrease) in Cash and Cash equivalents	46(f)	96,096	-	96,096

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Raj Rajendra Industries Limited
CIN: U17120MH1994PLC078218
Notes to financial statements for the year ended 31st March 2021
(Amount in rupees, except share and per share data, unless otherwise stated)

(f) Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS:

(i) Financial liabilities at amortised cost

Under Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the statement of profit and loss over the tenure of the borrowing as part of the finance cost by applying the effective interest method. Under previous GAAP, these transaction costs were charged to statement of profit and loss on straight-line basis over the period of loan.

Under previous GAAP, financial liabilities were initially recognized at transaction price. Subsequently, any finance costs were recognized based on contractual terms. Under Ind AS, such financial instruments are initially recognized at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value affects profit and loss unless it quantifies for recognition as some other type of liability.

(ii) Financial assets at amortised cost

Under previous GAAP, financial assets were initially recognized at transaction price. Under Ind AS, such financial instruments are initially recognized at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value affects profit and loss unless it quantifies for recognition as some other type of asset.

(iii) Not current investments

Under previous GAAP, Non-current Investments of the Company were recognised at cost less provision for diminution (other than temporary). Under Ind AS, the Company has recognised such investments at Fair Value Through Profit and Loss through an irrevocable election. Ind AS requires the above investments to be recognised at fair value (except investments in equity shares of associate company and government securities).

On the date of transition to Ind AS, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under Previous GAAP, has resulted in an increase in the carrying amount of these investments which has been recognised directly in retained earnings (Equity). Deferred tax liability (net) has been recognised on such fair valuation gain.

(iv) Reclassification of assets and liabilities on transition to Ind AS

On transition to Ind AS, assets and liabilities are reclassified in accordance with classification and disclosure requirement as per Ind AS.

(v) Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. Concept of other comprehensive income did not exist under previous GAAP. Tax component on the gain/ (loss) on fair value of defined benefit plans have been transferred to the OCI under Ind AS.

(vi) Tax impact of above adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

(vii) The impact of transition from Indian GAAP to IND AS on the Statement of Cash Flows is due to various reclassification adjustments recorded under IND AS in Balance Sheet, Statement of Profit & Loss and difference in the definition of cash and cash equivalents as per these two GAAP's.

(viii) Other comprehensive income are considered and presented as per schedule III of Companies Act, 2013.

This is the Balance Sheet referred to in our audit report of even date

For KC Lodha & Associates
Chartered Accountants
FRN 127682W

KC LODHA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

CA K C Lodha
Proprietor
Membership No. : 404728
UDIN: 21404728AAAADR7592

Place: Mumbai
Date: 28/05/2021

For and on behalf of the Board of Directors of Raj Rajendra Industries Limited

Ganpath R. Jain
Managing Director
(DIN : 00684357)

Kiran R. Jain
Director
(DIN : 00684349)

Raj Rajendra Industries Limited MUMBAI

1. Background

The Company was incorporated on 5th May 1994 under Companies Act, 1956 and is domiciled in India. The registered office of the Company is located at 324, 3rd Floor, Hari om Plaza, M. G. Road, Opp National Park, Borivali (East) Mumbai – 400 066, India. The Company is in the business of manufacturing and trading in textile products. Currently, it has manufacturing plants in Umbergaon (Gujarat) and Palghar (Maharashtra).

The financial statements of the Company for the year ended 31st March, 2021 were considered and approved by board of directors of the Company in their meeting held on 28/05/2021.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

The financial statements (on standalone basis) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

For all periods up to and including the year ended 31st March, 2020, the Company had prepared its standalone financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules 2014 (referred as "Indian GAAP"). These are the Company's first annual financial statements prepared complying in all material respects with the Ind AS notified under Section 133 of the Companies Act, 2013.

The standalone financial statements comply with Ind AS notified by the Ministry of Corporate Affairs ('MCA'). The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at 1st April, 2019 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from Indian GAAP which is considered as the previous GAAP, as defined in Ind AS 101. The reconciliation of effects of the transition from Indian GAAP on the equity as at 1st April, 2019 and 31st March, 2020 and on the net profit and cash flows for the year ended 31st March, 2020 is disclosed in note 46 to these standalone financial statements.

2.2. Functional and presentation of currency

The financial statements are prepared in Indian Rupees which is also the Company's functional currency. All amounts are rounded to the nearest rupees.

2.3. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in "Ind AS 113 Fair Value Measurement".

2.4. Use of significant accounting estimates, judgements and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses for the periods presented. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates and critical judgement in applying these accounting policies are described below:

i) Property, plant & equipment, investment property and Intangible assets

The Company has estimated the useful life, residual value and method of depreciation / amortization of property, plant & equipment, investment property and intangible assets based on its internal technical assessment. Property, plant & equipment, investment property and Intangible assets represent a significant proportion of the asset base of the Company. Further, the Company has estimated that scrap value of property, plant & equipment and investment property would be able to cover the residual value & decommissioning costs of property, plant & equipment and investment property.

Therefore, the estimates and assumptions made to determine useful life, residual value, method of depreciation / amortization and decommissioning costs are critical to the Company's financial position and performance.

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ii) Impairment of financial assets

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

iii) Income taxes

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

3. Significant Accounting Policies

3.1. Presentation and disclosure of standalone financial statement

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Companies Act, 2013 for a company whose financial statements are made in compliance with the Companies (India Accounting Standards) Rules, 2015.

Based on the nature of service and the time between rendering of services and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current / non-current classification of assets and liabilities.

3.2. Property, Plant and Equipment and Depreciation

Recognition and measurement

Under the previous GAAP, property, plant and equipment were carried at historical cost less depreciation and impairment losses, if any. On transition to Ind AS, the Company has availed the optional exemption under Ind AS 101 and accordingly it has used the carrying value as at the date of transition i.e. 1st April, 2019 as the deemed cost of the property, plant & equipment under Ind AS.

Properties plant and equipment are stated at their cost of acquisition. Cost of an item of property, plant and equipment includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Parts (major components) of an item of property, plant and equipments having different useful lives are accounted as separate items of property, plant and equipments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction / acquisition that are not yet ready for their intended use at the Balance Sheet Date.

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Depreciation and useful lives

Depreciation on the property, plant and equipment (other than freehold land and capital work in progress) is provided on a straight-line method (SLM) over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013.

Building on leasehold lands and improvements to building on leasehold land / premises are amortized over the period of lease or useful life whichever is lower.

Leasehold land considered as finance lease is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognized.

3.3. Intangible assets and amortisation

Recognition and measurement

Under the previous GAAP, intangible assets were carried at historical cost less amortization and impairment losses, if any. On transition to Ind AS, the Company has availed the optional exemption under Ind AS 101 and accordingly it has used the carrying value as at the date of transition i.e., 1st April, 2019 as the deemed cost of the intangible assets under Ind AS.

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. Intangible assets are stated at cost of acquisition/development less accumulated amortization and accumulated impairment loss if any.

Cost of an intangible asset includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use.

Intangible assets under development comprises of cost incurred on intangible assets under development that are not yet ready for their intended use as at the Balance Sheet date.

Amortization and useful lives

Computer softwares are amortized on straight line basis. Amortization methods and useful lives are reviewed at each financial year end and adjusted prospectively.

In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition

3.4. Inventories

The inventories (including traded goods) are valued at lower of cost and net realizable value after providing for cost of obsolescence wherever considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition.

In case of work in progress and finished goods, the costs of conversion include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. The cost of finished goods also includes excise duty wherever applicable.

3.5. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

a) Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer that coincides with delivery and is measured at the fair value of consideration received or receivable taking net off the amount of goods and services tax (GST), sales tax, rebates, discounts and sales returns.

b) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

c) Dividend income on investment is accounted for in the period/year in which the right to receive the same is established.

d) Service income is recognized upon rendering of services. Service income is recorded net of service tax/GST.

e) Rental income (net of taxes) on assets given under operating lease arrangements is recognized on a straight-line basis over the period of the lease unless the receipts are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

3.6. Government grants

Government grants are recognized in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions. Government grants are recognized in the Statement of Profit and Loss on systematic basis over a period in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

3.7. Foreign currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognized as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions.

3.8. Employee benefits

- Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

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- Post-employment benefits & other long-term benefits

  a. Defined contribution plan

  The defined contribution plan is a post-employment benefit plan under which the Company contributes fixed contribution to a Government Administered Fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund and Employee State Insurance Scheme. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

  b. Post-employment benefit and other long-term benefits

  The Company has defined benefit plans comprising of gratuity. The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

  For gratuity plan, re-measurements comprising of (a) actuarial gains and losses and (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

  Gains or losses on the curtailment or settlement of defined benefit plan are recognized when the curtailment or settlement occurs.

  Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions for other employee benefit plan [other than gratuity] are recognized immediately in the Statement of Profit and Loss as income or expense.

3.9. Borrowing cost

Borrowing costs (net of interest income on temporary investments) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary cost of borrowings in respect of loans not disbursed are carried forward and accounted as borrowing cost in the year of disbursement of loan. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

3.10. Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the lease term. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.11. Taxes on income

Tax expenses for the year comprises of current tax, deferred tax charge or credit and adjustments of taxes for earlier years. In respect of amounts adjusted outside profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted outside profit or loss.

Provision for current tax is made as per the provisions of Income Tax Act, 1961.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognized only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

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At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit allows deferred tax assets to be recovered.

3.12. Cash and cash equivalent

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent as calculated above also includes outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.13. Cash flow statement

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

3.14. Provisions, contingent liabilities, contingent assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.15. Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also include fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments.

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

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year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.16. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.16.1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee. Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model based on 'simplified approach' for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit and loss.

De-recognition of financial asset

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

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On de-recognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognized on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

3.16.2. Financial liability and equity instrument

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and

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- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

Compound financial instruments

The liability component of a compound financial instrument is recognized initially at fair value of a similar liability that does not have an equity component. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

For KC Lodha & Associates
Chartered Accountants
FRN: 127682W

K C Lodha
Proprietor
Membership No.: 404728
UDIN: 21404728AAAADR7592

Place: Mumbai
Date: 28/05/2021

For and on behalf of the Board of Directors of Raj Rajendra Industries Limited

Ganpath R. Jain
Managing Director
(DIN: 00684357)

Kiran R. Jain
Director
(DIN: 00684349)