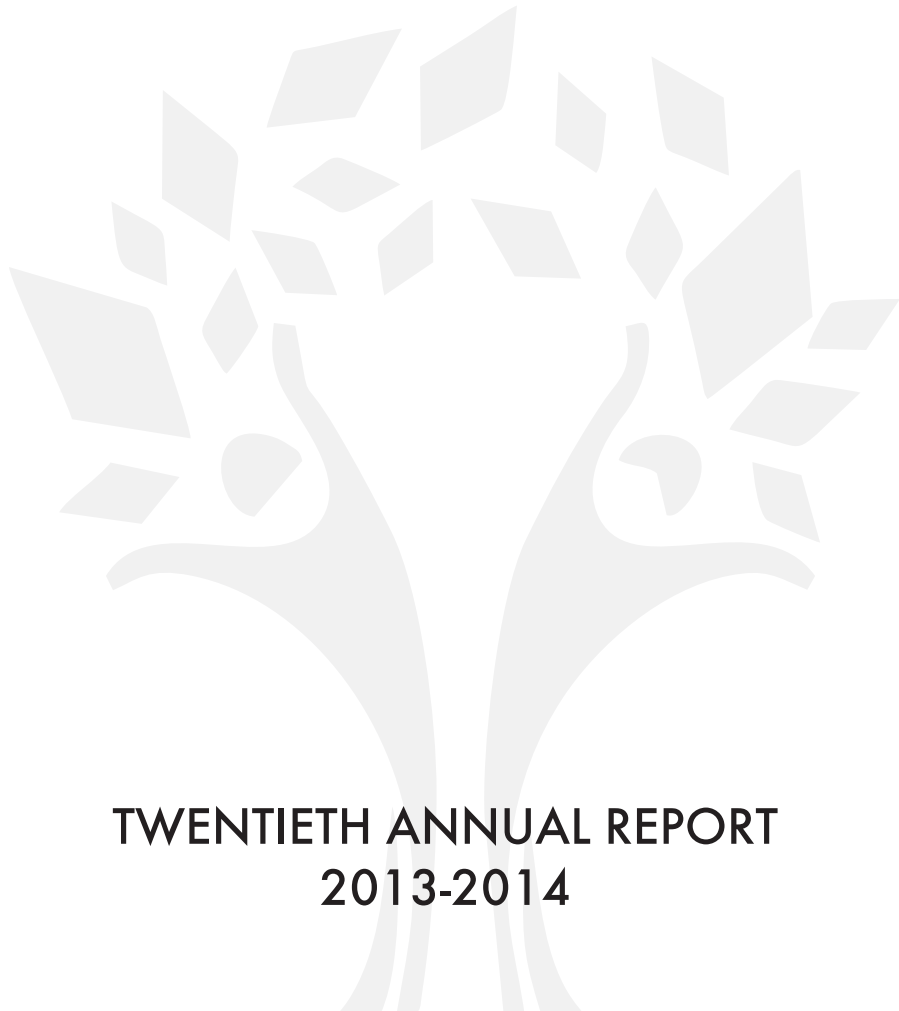




Rainbow Foundations Limited



**TWENTIETH ANNUAL REPORT
2013-2014**

BOARD OF DIRECTORS**Mr. A.C.Jain**

Managing Director

Mr. G.R.Jain

Joint Managing Director

Mr. Mukesh Kumar M. Mehta

Director

Mr. P.M.Mothiram

Director

Mr. Sampat Raj Singhvi

Director

Company Secretary**Mr. P.Krishnasamy****AUDITORS****Jain Bafna and Co.**

Chartered Accountants

Chennai-600 006

BANKERS**The Catholic Syrian Bank Ltd**

Industrial Finance Branch

Chennai- 600 002

State Bank of Mysore

Thanikachalam Road Branch

Chennai- 600 017

Axis Bank Limited

Kodambakkam Branch

Chennai-600 024

Dena Bank

Alwarpet Branch

Chennai-600018

NAME OF STOCK EXCHANGES WHERE THE COMPANY'S SHARES HAVE BEEN LISTED

Madras Stock Exchange Ltd., Chennai

Bombay Stock Exchange Ltd., Mumbai

DEMAT ISIN- INE230F01014**REGISTERED OFFICE**

No.4, Thanikachalam Road, T.Nagar

Chennai -600017

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Limited

"Subramaniam Building"

No.1, Club House Road, Chennai-600002

Ph: 044 28460390 (6 Lines)

Fax: 044 2846012

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of **Rainbow Foundations Limited** will be held on Monday, the **29th day of September 2014** at 9.30 A.M. at the registered office of the Company situated at New No.4, Thanikachalam Road, T.Nagar, Chennai – 600017 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2014 and the Audited Statement of Profit and Loss Account for the financial year ended as on that date along with Schedules and Notes to Accounts attached thereto, the Cash Flow Statement, the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in the place of Mr.G.R Jain (holding DIN 01182117) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to re-appointment of Statutory Auditors of the Company:

"RESOLVED THAT M/s. Jain Bafna and Co., Chartered Accountants, Chennai, having Firm Registration No.010657S, be and are hereby re-appointed as Statutory Auditors of the Company to hold such office from the conclusion of the 20th Annual General Meeting upto the conclusion of the 21th Annual General Meeting of the Company at a remuneration to be fixed by the Board."

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an SPECIAL RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Sections 196 and all other applicable provisions, if any, of the Companies Act, 2013, including Schedule VI to the Companies Act, 2013 as amended up to date and subject to the approval of statutory authorities as may be required, approval of the members of the Company be and is hereby accorded to the appointment of Mr. A.C. Jain (holding DIN 02215110) as Managing Director of the Company for a period of five years on and from 7th June, 2014 on the remuneration and terms and conditions as embodied in the letter of appointment and approved by the Board of Directors and Remuneration Committee of the Company by resolutions passed at their respective meetings held on 30th May, 2014 with a liberty to the Board to vary and alter the terms and conditions contained in the appointment letter."
5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Mukesh Kumar Manilal Mehta (holding DIN 01165166), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting unless otherwise he resigns or is removed from the Board."
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the

Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. P.M. Mothiram (holding DIN 00232291), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting unless otherwise he resigns or is removed from the Board."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Sampat Raj Singhvi (holding DIN 01786782), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting unless otherwise he resigns or is removed from the Board."

Registered Office:

No.4, Thanikachalam Road,
T.Nagar, Chennai – 600017
CIN : L55101TN1994PLC027739

Place: Chennai
Date: 14th August,2014

By Order of the Board

For **Rainbow Foundations Limited**

sd/-

G.R. Jain

Joint Managing Director
DIN : 01182117

NOTES

- a. A MEMBER OF THE COMPANY WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.**
- b. INSTRUMENT OF PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.**
- c. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
- d. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- e. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registered Office at No.4, Thanikachalam Road, T.Nagar, Chennai - 600017.

- f. Queries if any relating to Accounts may be sent to the Registered Office of the Company three days in advance before the date of AGM.
- g. All communication relating to shares may be addressed to the Company at: No.4, Thanikachalam Road, T.Nagar, Chennai - 600017.
- h. The Register of Members and the Share Transfer Books of the company will remain closed from 27th September 2014 to 29th September 2014, both days inclusive.
- I. Members may please bring the Admission Slip duly filled in and hand over the same at the entrance to the Meeting Hall.
- j. Members who hold shares in dematerialised form, are requested to quote Depository account number (Client ID No.) for recording of attendance at the meeting.
- k. Companies Act, 2013 has permitted companies to service documents to their shareholders through an electronic mode. In order to receive notices/documents of the Company on email, you would be required to register your email with the Company and/or update your email with your depository participant with NSDL / CDSL. As and when there are any changes in your email address, you are requested to keep your Depository Participant (DP)/ Company informed of the same. You are requested to inform us by sending an email to rainbow@rainbowfoundations.in, indicating your decision. A copy will be sent to you free of cost.
- l. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN Card, duly attested, to the Registrar and Share Transfer Agents M/s. Cameo Corporate Services Ltd, Subramanian Building, No.1, Club House Road, Chennai-600002.
- m. Members are requested to update their respective email address with the depository participant to ensure that the annual report and other documents reach you on your preferred email account.
- n. As a measure of saving, copies of the Annual Report will not be distributed at the meeting. Members are requested to bring their copies of the Annual Report to the meeting.
- o. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the 20th Annual General Meeting.
- p. The Register of Directors' shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
- q. The relevant details of the Directors seeking re-appointment/appointment under Item No.2, 4, 5, 6 & 7 above as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, forms part of the Corporate Governance Report.
- r. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 22nd September, 2014 (9:00 am) and ends on 24th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. (Sequence number has been provided as Serial Number (SL NO.) in the Address Label In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (i) After entering these details appropriately, click on "SUBMIT" tab.
- (ii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (v) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (vi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (vii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (viii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (x) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xi) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- I. Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.
- II. If you are already registered with CDSL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on 22nd September, 2014 (9:00 am) and ends on 24th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 29th August, 2014.
- VI. Mr. Soy Joseph, Company Secretary (Membership No. 13852) and Partner M/s. JM & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be available at the Registered Office of the Company and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE & MSE Limited.

STATEMENT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION ARE FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE RE-APPOINTED VIDE ITEM NO.2, 5, 6 & 7, OF THE NOTICE DATED 14TH AUGUST, 2014:

Name of the Director	Mr. G.R Jain	Mr. Mukesh Kumar Manilal Mehta	Mr. P.M. Mothiram	Mr. Sampat Raj Singhvi
Date of Birth	14.07.1961	21.12.1957	15.10.1953	05.07.1958
Date of appointment on the Board as Director	07.06.1994	29.03.2001	29.03.2001	03.09.2007
Date of last appointment / reappointment as Director	30.09.2011	27.09.2012	30.09.2011	27.09.2013
Qualification(s)	B.Com.,	B.Sc.,	MBA	Intermediate
Expertise in Specific Functional Area	He has rich experience in the industry of 27 years and overseas in the entire construction wor.	He has rich experience of 27 years in the Real Estate Industry	He has rich experience in administration	He has rich experience in the Real Estate Industry
List of outside Directorships held	Nil	Nil	1. Right Choice Associates Private Limited 2. Lalimo Web Services Private Limited	Nil
Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	Nil	Nil	Nil	Nil
Relationship between Directors Inter-se.	Brother of A.C Jain	N.A.	N.A.	N.A.
No. of Shares held.	2,00,000	631	Nil	27

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**Item No. 4**

The Board of Directors of the Company at their meeting held on 30th May, 2014 had re-appointed Mr. A.C. Jain (Holding DIN : 02215110) as the Managing Director, for a period of five years with effect from 7th June, 2014, which is subject to the final approval of the members at the General Meeting. The remuneration payable to Mr. A.C. Jain as described in the resolution is decided and approved by the Remuneration Committee of the Company:

Salary	Rs.1,00,000/- p.m.
Perquisites	<ol style="list-style-type: none"> 1. One Company maintained Car with driver for use for Company's business and personal purpose. 2. Provision of telephone at home and mobile and personal long distance calls shall be billed to the Managing Director. 3. Fees/expenses of clubs used for business purpose excluding admission and life membership fee not exceeding Rs.1,00,000/- p.a. 4. Entertainment expenses up to Rs.50,000/- p.a 5. Medical Reimbursement: Expenses incurred for the managing director and the family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years. 6. Leave Travel Allowance For the managing director and his family subject to a maximum limit of one month salary and this includes travel to abroad also. 7. Personal Accident Insurance: Premium not to exceed Rs.10,000 per annum.

Considering the vast knowledge and rich business experience of Mr. A.C, Jain, the Board recommends the passing of the said resolution in the interest of the Company.

None of the Directors, except Mr. A.C. Jain, is in any way concerned or interested in the resolution.

The Board accordingly recommends the resolution as set out in Item No. 4 of the Notice for approval of the members.

Item No. 5

Mr. Mukesh Kumar Manilal Mehta(holding DIN : 01165166) (Mr. Mehta) is a Non-Executive Independent Director on the Board of the Company. He joined the Board of Directors of the Company on 29th March, 2001. He is the Member of the Audit Committee and the Chairman of the Shareholder's Grievance Committee of the Company.

Mr. Mehta is not a Director on the Board of any other Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Mehta retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions, if any, of the Companies Act, 2013, Mr. Mehta, being eligible, offers himself for appointment and is proposed to be appointed as an Independent Director for five consecutive from the conclusion of this Annual General Meeting.

In the opinion of the Board, Mr. Mehta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Mehta as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mehta as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Mehta as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Mehta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5 . This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 6

Mr. Sampat Raj Singhvi (holding DIN : 0178678) (Mr. Singhvi) is a Non-Executive Independent Director on the Board of the Company. He joined the Board of Directors of the Company on 03rd September, 2007. He is the Member of the Audit Committee and Shareholder's Grievance Committee of the Company.

Mr. Singhvi is not a Director on the Board of any other Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Singhvi retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions, if any, of the Companies Act, 2013, Mr. Singhvi, being eligible, offers himself for appointment and is proposed to be appointed as an Independent Director for five consecutive from the conclusion of this Annual General Meeting. In the opinion of the Board, Mr. Singhvi fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Singhvi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to

avail services of Mr. Singhvi as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Singhvi as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Singhvi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange

Item No. 7

Mr. P.M Mothiram (holding DIN : 00232291)(Mr. Mothiram) is a Non-Executive Independent Director on the Board of the Company. He joined the Board of Directors of the Company on 29th March, 2001. He is the Member of the Audit Committee and Shareholder's Grievance Committee of the Company.

Mr. Mothiram is a Director on the Board of M/s. Right choice Associates Pvt. Ltd and M/s. Lalimo Web Servies Pvt. Ltd. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Mothiram retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions, if any, of the Companies Act, 2013, Mr. Mothiram, being eligible, offers himself for appointment and is proposed to be appointed as an Independent Director for five consecutive from the conclusion of this Annual General Meeting.

In the opinion of the Board, Mr. Mothiram fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Mothiram as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mothiram as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Mothiram as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Mothiram, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.7 this Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

DIRECTORS' REPORT

To the Members,
The Directors are pleased to present their Twentieth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended on 31st March, 2014

1. FINANCIAL RESULTS

PARTICULARS	Amount (Rupees in Lakhs)	Amount (Rupees in Lakhs)
	Year Ended 31.03.2014	Year Ended 31.03.2013
Income from operation	1456.59	1401.31
Profit before Interest & Depreciation	391.84	233.84
Interest	260.29	150.01
Depreciation	6.34	7.93
Profit before tax	125.21	75.89
Provision for Taxation	41.44	26.02
Net Profit (After tax)	83.87	50.21

2. PERFORMANCE REVIEW

The Company's Profit before Interest & Depreciation increased to Rs. 125.21 Lakhs during the current financial year, as compared to Rs. 75.89 Lakhs in the previous year. The Company earned a net profit of Rs.83.87 Lakh in the Current Financial Year as against a net profit of Rs. 50.21 Lakh in the previous year. The increase in net profit is on account of increased revenue and marginal reduction of project expenditure. Your directors are expecting to provide a better performance in the forthcoming years.

3. DIVIDEND

In order to conserve the resources of your Company, the Board of Directors of your Company do not recommend any dividend for the financial year 2013-14.

4. DEPOSITS

During the financial year under review your Company has not accepted or invited any fixed deposit, in terms of section 58A of the Companies Act, 1956, from the public and is therefore not required to furnish information in respect of outstanding deposits under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

5. INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery are adequately insured.

6. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year there were no foreign exchange earnings or outgo for the Company.

7. DIRECTOR

The Company was in receipt of written representations from the Directors of the Company that they were not disqualified pursuant to Section 164 of the Companies Act, 2013.

Mr. G.R Jain (holding DIN 01182117), Director retire by rotation and being eligible, offers himself for reappointment. Mr. P.M. Mothiram (DIN 00232291) , Mr. Sampatraj Singhvi (holding DIN 01786782) and Mr. Mukesh Kumar M.Mehta (holding DIN 01165166) shall retire at the ensuing Annual General meeting and being eligible offer themselves for re-appointment for a further term of five years in order to comply with the provisions of sec.149 of the Companies Act 2013. Members are requested to re-appoint the retiring Directors.

A brief resume, expertise, shareholding in your Company and details of other directorship of Mr. G.R Jain, Mr. P.M Mothiram, Mr. Sampat Raj Singhvi and Mr. Mukesh M. Mehta forms part of the Notes to the Notice of Annual General Meeting.

8. AUDITORS & AUDITOR'S REPORT

M/s. Jain Bafna and Co., Chartered Accountants Chennai, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the limits specified under Section 141(3)(g) of the Companies Act, 2013. The Audit Committee of the Board recommended their re-appointment for the year 2014-2015. The necessary resolution is being placed before the Shareholders for their approval.

The Board has duly examined the Auditors Report and the clarifications, wherever necessary have been included in the notes to accounts. Further there are no qualifications as such, reported in the Auditors Report. The Company has adopted adequate checks and internal controls as a part of their internal audit system. Each project, its developmental activities and expenditure are under the direct supervision of Managing or Joint Managing Director(s) of the Company. The statutory auditors are in practice to verify all the records and transactions of the Company.

The Notes to Accounts referred to in the Auditors Report are self- explanatory and, therefore, do not call for any further explanation.

9. LISTING:

The equity shares of the Company are listed with Bombay Stock Exchange Limited (BSE), Mumbai and Madras Stock Exchange Limited (MSE), Chennai. The listing fees payable to both the exchanges for the financial year have been paid.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Director's Responsibility Statement, setting out compliance with the accounting and financial reporting requirements specified under Section 217(2AA) of the Companies Act, 1956, in respect of the financial statements, is furnished below and on behalf of the Board of Directors, it is hereby confirmed that:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards has been followed along with proper explanation relating to material departures;
- b. They have selected such accounting policies in consultation with the Auditors and have applied them consistently and made judgments, estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate

accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. They have prepared the annual accounts on a going concern basis.

11. MANAGEMENT DISCUSSION AND ANALYSIS:

The management discussion and analysis of financial condition including the operations of the company for the Financial Year under review as required under clause 49 of the listing agreement with the stock exchange, is given as a separate statement in the Annual Report.

12. CORPORATE GOVERNANCE:

Your directors are happy to report that your Company is complying with the Code of Corporate Governance introduced by SEBI as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange. A detailed report on Corporate Governance together with a certificate from the Statutory Auditors in compliance of Clause 49 of the Listing Agreement is attached which forms part of the Directors' Report.

13. CODE OF CONDUCT

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 are not applicable since none of the employees of the Company are in receipt of remuneration in excess of the limits specified therein during the Current Financial Year under review.

14. PERSONNEL:

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 are not applicable since none of the employees of the Company are in receipt of remuneration in excess of the limits specified therein during the Current Financial Year under review.

15. INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956:

The Company does not carry on any manufacturing activity and accordingly the provision to furnish information as per Section 217 (1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Research and Development and Technology Absorption is not applicable.

16. ACKNOWLEDGEMENTS:

The Directors would like to place on record their sincere appreciation to the Company's Shareholders, Customers, Business Partners, Vendors, Bankers, Financial Institutions and Academic Institutions for their continued support to the Company during the year. The Directors also wish to place on record their appreciation for the contribution made by employees at all levels for sustaining the organizational growth especially during the challenging times.

We thank the Government of India, state governments and other government agencies for their assistance and cooperation and look forward to their continued support in future. Finally, the Board expresses its gratitude to the members for their continued trust, cooperation and support.

For and on behalf of the Board of Directors

Place: Chennai-17
Date: 14th August, 2014

A.C. JAIN
Managing Director
DIN : 02215110

G.R.JAIN
Joint Managing Director
DIN : 01182117

MANAGEMENT DISCUSSION AND ANALYSIS

1. Economic Review:

Indian Economy

In the last couple of years, the Indian economy witnessed a slowdown across various sectors, resulting in the GDP growth slipping to 4.7% in 2013 from 9.7% in 2010. Such economic downfall was largely attributed to slowdown in policy initiatives especially during the run up to the parliamentary elections of 2014. Besides that, high interest regime, enforced to rein in inflation had an impact on slowing down of investments. Last financial year was also marked by a tough period of economic uncertainty, owing to tapering of quantitative easing of liquidity in United States and resultant volatile movements in INR-USD exchange rate.

Now economic situation of the country is showing signs of recovery. Recent macro numbers indicate that industrial production is improving, inflation is on a downward trajectory and exports are picking up. It is important that these emerging green shoots are nurtured through a combination of both policy and procedural reforms by the government.

The Union Budget 2014-15, announced last month, set a positive tone by outlining a comprehensive plan for putting the economy back onto a higher growth trajectory. The focus on manufacturing and infrastructure sectors is much needed and the government has laid out programs for development of these areas that are critical to nation's overall competitiveness.

Real Estate Sector

The year 2013-2014 provided to be a challenge for the real estate sector mainly due to poor macro economic conditions, slowing down growth, continuing high borrowing costs both for industry and the consumer and the sky-reckoning inflation.

RBI continued to focus on keeping the inflation level under check due to which the borrowing costs continued to remain at high levels, thus limiting growth for both, consumers as well as businesses.

Going forward, we believe that the Indian real estate sector would benefit from the formation of a stable government, positive market sentiment and growth prospects for all businesses.

According to the Economic Survey of India, 2012-13, the real estate sector contributed 5.9% of the India's total GDP in 2011-12, registering a growth of 7.2% from the previous year, which clearly signifies the important contribution of the sector towards the economy.

2. Operational Review:

The Revenue of the Company for the year increased from Rs. 1430.21 lakhs to Rs.1596.89 lakhs. The Company's net profit for the year was Rs 83.87 Lakhs (last year Rs. 50.21 lakhs). The Earning Per Share (EPS) for the year was Rs.1.52.

During the year, the company is concentrated activities in the Residential segments. Though the existing projects in and around Chennai have seen brisk demand and by considering the healthy sales position, your company is proposed to undertake other projects also in Chennai.

3. Key Challenges:

There are certain key challenges and threats that need to be actively addressed and mitigation steps to be taken as and when required. These challenges can be summarized as follows:

- Increasing input material costs leading to higher cost of construction.

- Hardening of interest rates with a potential risk of lower demand, delay in getting project funding and higher interest cost for the Company.
- Increasing labor cost and shortage of skilled and technically qualified manpower.
- Land prices still continue to be high.
- Lack of desirable progress in development of infrastructure specifically in the areas of roads, water and sewage systems, power, etc.
- Absence of industry status and institutional financing for land procurement.
- Bureaucracy and lack of transparency in land dealings.
- Decrease in Investments in the last two years.

4. Risks and Concern:

The Company is exposed to different types of risks such as credit risk, market risk (including liquidity risk, interest rate risk and foreign exchange risk), operational risk and legal risk. The Company monitors credit and market risks, as well as portfolio and operational risk through the oversight of senior management personnel in each of its business segments. Legal risk is subject to the review of the Company's legal department and external advisers. The Company is exposed to specific risks in connection with the management of investments and the environment within which it operates.

The Company aims to understand measure and monitor the various risks to which it is exposed and to ensure that it adheres, as far as reasonably and practically possible, to the policies and procedures established by it to mitigate these risks.

5. Internal Control Systems and Adequacy:

The Company has in place adequate internal control systems and procedures commensurate with its size and nature of business. The Internal Audit team continuously monitors the effectiveness of internal control and provides a reasonable assurance of the adequacy and effectiveness of your Company's control, governance and risk management process to the Audit Committee. It also checks the implementation of corrective actions and improvements suggested by the Audit Committee.

Internal Audit focuses on the following objectives, forming part of the Audit Plan approved by the Audit Committee:

- Adherence to the operating systems and manual;
- Performance of operational activities in an efficient and effective manner;
- Compliance with the risk management process;
- Compliance with legislative and regulatory provisions.

The Audit Committee reviews the Audit Reports and also has discussions with the Statutory Auditors.

6. Human Resources:

Your Company continues to maintain a constructive relationship with its employees through a positive environment so as to improve productivity and efficiency. Your company also continues to invest in people process and skill development and provide them with high performance oriented environment.

7. Business Outlook:

The lack of investments and other events in the last 6 months implies negative impact on the property development business. In addition, the ever changing political and economic situations implies difficulty in development of real estate sector.

The considerable inflation seen in the economy has led to stringent monetary management by the RBI resulting in steep increase in interest rates both to the company and to its customers who are mainly housing loan applicants.

Even though, your Company's project cost has come down as compared to the last year, inflation has brought negative consequences on construction cost. Increase in costs of sand, bricks, cement has resulted in the reduction of profit as compared to the budgeted profit.

However, your company has taken due initiatives to tackle the problems and has plans to take up more projects for development in near future, which gives positive business outlook.

8. Customers:

Customers are considered as the King of any business. The customer satisfaction is utmost important for any business to succeed and develop. Your company has taken adequate measures to identify and fulfill the customer needs and wants using various methods such as customer feedback, post review, etc.,

DISCLAIMER:

The information and opinion expressed in this Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of preparation of the report. The management shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Prior written permission of the Company may be obtained for furnishing this information to any person.

For and on behalf of the Board of Directors

Place: Chennai-17
Date: 14th August 2014

A.C. JAIN
Managing Director
DIN : 02215110

G.R.JAIN
Joint Managing Director
DIN : 01182117

REPORT ON CORPORATE GOVERNANCE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Corporate Governance deals with laws, procedures, practices and implicit rules that determine company's ability to take informed managerial decisions vis-à-vis its claimants – in particular, its shareholders, creditors, customers, the State and employees. There is a global consensus about the objective of 'good' corporate governance: maximizing long-term shareholder value.

The Company seeks to focus on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations, environment and regulatory compliances. The Company will continue to focus its energies and resources in creating and safeguarding of shareholder's wealth, and at the same time, protect the interests of all its stakeholders.

The Company recognizes that good Corporate Governance is essential to build and retain the confidence of its shareholders. To this end, the Company's philosophy on Corporate Governance is to direct its endeavors to ensure:

1. That system procedure which monitors compliance with laws, rules and regulations are in place in each area of its business.
2. That relevant information regarding the Company and its operations is disclosed, disseminated and easily available to its shareholders and

that the Board of Directors is kept fully informed of all material developments in the Company, the risks in its business and its operations and the rationale for management's decisions and recommendations so that the Board of Directors can effectively discharge their responsibilities to shareholders.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements with the Stock Exchanges, the disclosure requirements of which are given below:

BOARD OF DIRECTORS Composition

As on notice date, the Board consists of 5 Directors, out of whom 2 are Executive Directors and 3 are Non-Executive Directors, who bring in a wide range of skills and experience. The composition of the Board is in conformity with Clause 49 of the Listing agreement.

As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1) (g) of the Companies Act 1956 read with Companies (Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The Company did not have any pecuniary relationship or transactions with the non executive directors during the financial year under review.

Corporate code of conduct:

The Board has laid down separate Codes of Conduct for Non-Executive Directors and Senior Management personnel of the Company and the same are posted on the Company's website. All Board Members and Senior Management personnel have

affirmed compliance with the Code of Conduct.

The major salutary principles prescribed by the Code of Conduct are:

1. Transparency

To maintain the highest standards of transparency in all aspects of our interactions and dealings.

2. Disclosures

To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.

3. Empowerment and Accountability

To demonstrate the highest level of the personal accountability and ensure that employees consistently pursue excellence in everything they do.

4. Compliances

To comply with all laws and regulations as are applicable to the Company.

5. Ethical Conduct

To conduct the affairs of the Company in ethical manner.

6. Stake holders Interest

To promote the interest of all stakeholders consisting of customers, shareholders, employees, lenders, vendors, Government and the community at large.

Directors' attendance Records and Directorships

The Composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Category of Director	Attendance Particulars		No. of Directorships in other bodies corporate ¹	No. of Chairmanship/ Membership of Board Committees in other Companies ²		No. of Equity Shares held
		Board Meetings	Last AGM		Chairman	Member	
Mr. A. C. Jain	P/MD	6	Yes	1	-	-	1,76,883
Mr. G. R. Jain	P/JMD	5	Yes	-	-	-	2,00,000
Mr. Mukesh Kumar M. Mehta	I/NED	6	Yes	-	-	-	637
Mr. P. M. Mothiram	I/NED	6	Yes	2	1	-	Nil
Mr. Sampatraj Singhvi	I/NED	6	Yes	-	-	-	27

P	Promoter	MD	Managing Director
ED	Executive Director	NED	Non-Executive Director
I	Independent	JMD	Joint Managing Director

1 The Directorships held by the Directors as mentioned above do not include Alternate Directorships and Directorships held in Foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

2 In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investor Grievance Committees in all Public Limited Companies have been considered.

None of the Directors in the Company are related to each other, except Mr. A.C. Jain and Mr.G.R. Jain who are brothers respectively.

Independent Director means director as defined under Clause 49 of the Listing Agreement.

Committees of the Board:

The Board of Directors of the Company has constituted the following Committees namely:

AUDIT COMMITTEE

Objective:

To monitor and effectively supervise your Company's financial reporting process with a view to provide accurate, timely and proper disclosure, integrity and quality of the financial reporting.

Role:

1. Oversight of your company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors and fixation of audit fees.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Act;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Significant adjustments made in the financial statements arising out of audit findings;
 - d. Compliance with listing and other legal requirements relating to financial statements;
 - e. Disclosure of any related party transactions;
 - f. Qualifications in the draft audit report.
5. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and

seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

7. Discussion with Internal Auditors any significant findings and follow up there on.

8. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The Audit Committee also reviews the un-audited quarterly financial results of the Company before those are submitted to the Board for approval. Minutes of the each Audit Committee are also placed before the Board.

Composition of the Audit Committee and details of meetings attended by the Directors during the financial year under review is mentioned below:

The Audit Committee met four times during the year under review on the following dates:

30th May, 2013, 14th August 2013, 13th November, 2013 and on 14th February, 2014

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreements with the Stock

Sl. No	Name of the Director	Category	No. of Meeting held	No. of Meeting Attended
1.	Mr. Mukesh Kumar Mehta	Non-Executive Independent Director	4	4
2.	Mr. P.M. Mothiram	Non-Executive Independent Director	4	4
3.	Mr. Sampathraj Singhvi	Non-Executive Independent Director	4	4

Exchanges. The Company also complies with the provisions of Section 292A of the Companies Act, 1956 (the Act) pertaining to Audit Committee and its functioning.

The Board delegated the following powers to the Audit Committee:

The Board delegated the following powers to the Audit Committee:

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

The Chairman of the Audit Committee is an independent director.

The Chairman of the Audit Committee will be present at Annual General Meeting to answer shareholder queries.

The Audit Committee invites such executives, as it considers appropriate (and particularly the head of the Finance Department) to be present at its meetings. The Managing Director, Executive Directors and head of Internal Audit attend the meetings. The

Statutory Auditors are also invited to the meetings. Mr.P.Krishnasamy, the Company Secretary, acts as the Secretary of the Committee.

Review of information by Audit Committee

The Audit Committee has reviewed the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses.

REMUNERATION & COMPENSATION COMMITTEE

The Board has set up a Remuneration Committee to determine on its behalf and on the behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

To avoid conflicts of interest, the Remuneration Committee, which determines the remuneration packages of the executive directors, comprises of three directors, all of whom are non-executive directors, the Chairman of the Committee being an independent director.

All the members of the remuneration committee were present at the meeting.

The Chairman of the remuneration committee will be present at the Annual General Meeting, to answer the shareholder queries.

COMPOSITION OF THE REMUNERATION COMMITTEE AND DETAILS OF MEETINGS ATTENDED BY THE DIRECTORS DURING THE YEAR UNDER REVIEW

The Remuneration Committee of Directors decides on the policies and details of remuneration payable to the Directors.

Sl. No	Name of the Directors	Category	No. of Meeting held	No. of Meeting Attended
1.	Mr. P.M. Mothiram	Chairman cum Non Executive Independent Director	2	2
2.	Mr. Mukesh Kumar Mehta	Non Executive Independent Director	2	2
3.	Mr. Sampathraj Singhvi	Non Executive Independent Director -	2	2

The Committee met two times during the year under review on the following dates:

30th May, 2013 and 14th February, 2014

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**Composition of the Shareholder's/Investors' Grievance Committee and details of meeting attended by the Directors during the year under review**

The Committee met 5 times during the year on 10th April, 2013, 30th October, 2013, 30th November, 2013, 30th December, 2013 and on 28th February, 2014 and the following Directors attended the meetings.

Sl. No	Name of the Directors	Category	No. of Meeting held	No. of Meeting Attended
1.	Mr. Mukesh Kumar Metha	Chairman cum Non Executive Independent Director	5	5
2.	Mr. P.M. Mothiram	Non Executive Independent Director	5	5
3.	Mr. Sampathraj Singhvi	Non Executive Independent Director	5	5

The Company has NOT received any complaint from the investors during the financial year under report.

BOARD MEETINGS

Four Board Meetings were convened during the Financial Year 2012-2013. The Board of Directors generally reviewed the following:

- Man Annual Operating Plans
- Man Compliance with statutory and legal requirements.
- Man Adoption of quarterly un-audited financial results.
- Man Funding requirements and patterns of the Company.
- Man Transaction of Capital nature.
- Man Proceedings of the Committee Meetings

Details of the number of Board Meetings held, dates on which held and number of Directors Present are mentioned below:

Date of Board meeting	City	Board strength	No. of Directors present
30-05-2013	Chennai	5	5
14-08-2013	Chennai	5	4
29-08-2013	Chennai	5	5
27-09-2013	Chennai	5	5
13-11-2013	Chennai	5	5
14-02-2014	Chennai	5	5

The Board meets at least once a quarter to review the quarterly financial results and operations of your Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business of your Company.

Your Company's Board plays a pivotal role in ensuring good governance and functioning of your Company. The Board consists of professionals from diverse fields possessing vast experience in their respective areas. The Board has unfettered and complete access to any information within your Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board provides direction and exercises appropriate control to ensure that your Company is managed in a manner that fulfils stakeholder's aspirations and societal expectations.

Resolutions Passed By Circulation

The Board of directors have not passed any resolutions by way of circulation during the financial year ended on 31st March, 2014.

Standards issued by ICSI:

The company is in a substantial compliance with the secretarial standards governing Board Meetings and also General Meetings as set out in the Secretarial Standard 1 and 2 issued by the ICSI. The Board of Directors of the company have taken necessary steps in order to ensure compliance with these standards.

GENERAL BODY MEETINGS**Annual General Meetings:**

Details of Annual General Meetings held during the last three years are as follows:

POSTAL BALLOT

There are no ordinary or special resolutions that need to be passed by the shareholders through a postal ballot for the year ended

Year	Date	Time	Venue	Attendance
2010-11	30/09/11	9.30 A.M	Registered office of the Company	281
2011-12	27/09/12	9.30 A.M	Registered office of the Company	294
2012-13	27/09/13	9.30 A.M	Registered office of the Company	309

March 31, 2014.

*No court convened meetings were held during the last three years.

DISCLOSURES:**A. Basis of related party transactions**

The related party transactions of the Company under Sec.297 of the Companies Act 1956 during the financial year ended March 31, 2014 are being disclosed in the Notes on Accounts which forms part of this report.

B. Disclosure of Accounting Treatment

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountant of India (ICAI) in preparation of its Financial Statements.

C. Board Disclosures – Risk management

The company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures were periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

D. Remuneration of Directors

I) All pecuniary relationship or transactions of the Non-Executive directors:

None of the Non Executive Directors had any pecuniary relationship or transactions with the Company other than the Directors' Fees received by them.

ii) Remuneration to Directors

Details of remuneration paid to Directors during the financial year ended on 31st March, 2014:

Name of the Director	Salary, Perquisites & Allowance	Commission	Sitting Fees	Total
Mr. A. C. Jain	Rs. 7,20,000/-	NIL	NIL	Rs. 7,20,000/-
Mr. G. R. Jain	Rs. 7,20,000/-	NIL	NIL	Rs. 7,20,000/-
Mr. Mukesh Kumar M. Mehta	NIL	NIL	NIL	NIL
Mr. P. M. Mothiram	NIL	NIL	NIL	NIL
Mr. Sampatraj Singhvi	NIL	NIL	NIL	NIL

E. OTHER DISCLOSURES

- I. There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
- II. There are no transactions of material nature with the Promoters, Directors or the management or their subsidiaries or relatives, etc., potentially conflicting with Company's interest at large, during the year.
- III. All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company. The Company has constituted the Remuneration & Compensation Committee which is a non-mandatory requirement.
- III. Whistle Blower Policy:

The Securities and Exchange Board of India (SEBI) has also prescribed the adoption by all Listed Companies, of a whistle Blower Policy as a non-mandatory requirement.

The company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle Blowers. The Audit Committee Chairman is authorised to receive Protected Disclosure under this policy. The Audit Committee is also authorized to supervise the conduct of investigation of any disclosure made by Whistle Blower in accordance with policy.

No personnel has been denied access to the Audit Committee. As of March 31, 2013, no Protected Disclosure have been received under this Policy.

V. Compliance with Applicable Laws

The Company has exercised due diligence in complying with all applicable Laws in the matter of conduct of its business and in particular, there has neither been any non-compliance on the part of the Company on the matter related to Capital Market, during the last three years nor have any penalties or strictures been imposed in this respect.

SHAREHOLDERS

I. Information about the Directors who are to be re-appointed in the AGM.

According to Section 152 of the Companies Act, 2013, not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation and one-third of such directors shall retire every year.

In terms of Section 152 of Companies Act read with Article of association of the Company, Mr.G.R Jain, Director retires at the ensuing Annual General Meeting. Also, Mr. Sampat Raj Singhvi, Mr. P.M. Mothiram Wadhwa & Mr. Mukesh Kumar M. Mehta shall retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment for a further term of five years in order to comply with the provisions of Section 149 of the Companies Act, 2013.

Therefore, your Board recommends for their appointment.

The brief profile of the aforesaid Directors has been furnished in the Notice convening the Annual General Meeting of the Company.

ii. Relationships between directors:

None of the Directors in the Company are related to each other, except Mr. A.C. Jain and Mr. G.R. Jain who are brothers respectively.

Disclosure of relationship between directors inter-se has been made in this report as above, and also in the notice of appointment of a director, and in the letter of offer.

iii. Quarterly results and presentations made by the company has been put on the company's website.

iv. A Board Committee has been constituted under the chairmanship of Mr. Mukesh Kumar M. Metha to specifically look into the redressal of shareholder and investor complaints. This Committee shall be designated as 'Shareholders/Investors Grievance Committee'.

CEO/CFO CERTIFICATION

CEO / CFO's certificate pursuant to Clause 49 of the listing agreement forms part of this Annual report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis of financial condition including the operation of the economy for the year under review as required is given as a separate statement in the directors report.

INSIDER TRADING

The Code of Conduct for prevention of Insider Trading as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 has been introduced. The Board monitors the adherence to the various requirements as set out in the code. No violation of the code has taken place during the year.

Mr. G. R. Jain has been designated as the Compliance Officer for the purpose.-

MEANS OF COMMUNICATION:

Your Company publishes the Quarterly results, dividend announcements and book closure / record dates in --

1. News Today
2. Maalai Chudar

GENERAL SHAREHOLDERS INFORMATION:

The AGM is scheduled to be held on 29th September, 2014 at 9.30 a.m. at No.4, Thanikachalam Road, T.Nagar, Chennai - 600 017.

a. Registered Office of the Company:

New No.4, Thanikachalam Road, T.Nagar, Chennai - 600 017

CIN : L55101TN1994PLC027739

b. Compliance Officer:

Mr. G. R. Jain, Joint Managing Director of the Company has been appointed as Compliance Officer, for any clarification and to receive queries. Shareholders may contact Mr. G.R.Jain, at the following address:

Rainbow Foundations Limited

No.4, Thanikachalam Road, T. Nagar, Chennai - 600 017,

Tamil Nadu, India.

Telephone : 044-24344647 / 24354647

Email: gajraj@rainbowfoundations.in

rainbow@rainbowfoundations.in

c. Financial Year

The financial year of the Company starts from 1st April of every year and ends on 31st March of the succeeding year.

Tentative Financial Calendar:

Period: 1st April, 2014 to 31st March, 2015

Unaudited results for the quarter ending 30th June, 2014	Before 14 th August, 2014
Unaudited results for the quarter ending 30th September, 2014	Before 14 th November, 2014
Unaudited results for the quarter ending 31st December, 2014	Before 14 th February, 2014
Audited results for the financial year ending 31st March 2015	Before 30 th May, 2015

D. Dividend Payment Date: No Dividend has been recommended.

e. i) Listing on Stock Exchanges: The Company's Equity shares are listed on the following two Stock Exchanges in India:

Madras Stock Exchange Ltd., Chennai,
Bombay Stock Exchange Ltd., Mumbai

ii) Annual listing fees:

Listing fees have been paid to the above exchanges and there is no fee outstanding as on date.

Stock Code : Bombay Stock Exchange 'RAINBOWF '531694'

f. Market Price Data High, Low during each month in last Financial year 2013-14:

Bombay Stock Exchange Ltd (in Rupees)		
Month	High	Low
April, 2013	9.74	9.00
May, 2013	9.60	9.60
June, 2013	10.58	9.60
July, 2013	11.25	10.58
August, 2013	10.76	9.20
September, 2013	12.00	9.65
October, 2013	13.81	9.83
November, 2013	13.00	11.71
December, 2013	11.71	11.07
January, 2014	11.62	11.62
February, 2014	11.04	10.49
March, 2014	9.97	9.48

g. Dematerialisation of shares and liquidity:

The Company has entered into the Tripartite Agreements with the National Securities Depository Ltd., (NSDL) and Central Depository Services Ltd., (CDSL) for dematerialisation of shares. About 92.64% (5107181 numbers of equity shares) of the shares have been dematerialised as on 31st March, 2014. The ISIN of the Company is ISIN - INE230F01014.

h. Investor Grievances

The Company has a regular system of attending to investor grievances. These grievances are promptly attended to and there is no complaint pending as on date.

i. Share Transfer System

The Company has constituted a Share Transfer/Investor's and Grievance Committee, which considers and approves the transfer and transmission, etc., of shares in physical mode. Physical shares received for dematerialisation are processed and completed within a period of 15 days from date of receipt, provided they are in every respect complied with the law. Bad deliveries are immediately returned to Depository Participants under advice to the Shareholders. For those who opt for dematerialisation of shares, shares are dematerialised and electronic credit given through the registrars.

j. Registrar and Share Transfer Agent (Common Agency)

M/s Cameo Corporate Services Limited

"Subramaniam Building"

No.1, Club House Road, Chennai – 600 002

Telephone: 044 - 28460390 (6 lines)

Fax : 044 - 28460129

k. Investors' Correspondence

Shareholders can send in their correspondence to the Registered Office of the Company at New No.4, Thanikachalam Road, T.Nagar, Chennai - 600 017

or

M/s Cameo Corporate Services Limited,

"Subramaniam Building"

No.1, Club House Road, Chennai – 600 002

l. Intimation of Change of Address, bank details etc.

All the members are requested to notify immediately any change in their address, bank details, bank mandate and nominate details to the Company.

m. Distribution of Share Holding as on 31.03.2014

Share or debenture holding of nominal value of		Share / Debenture holders		Share / Debenture amount	
Rs.	Rs.	Number	% to total	(In Rs.)	% to total
	(1)	(2)	(3)	(4)	(5)
Upto	5,000	1290	72.23	1595590	2.89
5,001	10,000	236	13.21	2184980	3.96
10,001	20,000	79	4.42	1315430	2.39
20,001	30,000	22	1.23	557380	1.01
30,001	40,000	13	0.73	488850	0.89
40,001	50,000	23	1.29	1075050	1.95
50,001	1,00,000	36	2.02	2966880	5.38
1,00,001	and above	87	4.87	44946840	81.53
	Total	1786	100.00	55131000	100.00

n. Shareholding Pattern as on 31.03.2014

	Category of Shareholders	No. of Share holders	Total. No. of Shares	No. of Shares in Demat Form	% of Shares
(A)	Shareholding of Promoter and Promoter Group				
1.	Indian				
(a)	Individuals/Hindu Undivided Family	12	1659896	1659896	30.11
	Sub Total (A) (1)	12	1659896	1659896	30.11
2.	Foreign				
	Sub Total (A) (2)	-	-	-	-
	Total shareholding promoter and promoter Group(A)= (A)(1)+(A)(2)	12	1659896	1659896	30.11
(B)	Public Shareholding				
(1)	Institutions	-	-	-	-
(2)	Non-Institutions				
(a)	Bodies Corporate	30	712757	692257	12.93
(b)	I. Individual shareholders Holding nominal share capital upto Rs. 1 Lakh	1619	924704	603285	16.77
	II. Individual shareholders Holding nominal share capital in excess of Rs. 1 Lakh	56	1751946	1687946	31.78
(c)	Any other Hindu undivided families Non Resident Indians	67 2	462868 929	462868 929	8.40 0.02
	Total Public shareholding (B) = (B)(1) + (B)(2)	1774	3853204	3447285	69.89
	Grand Total (A) + (B)	1786	5513100	5107181	100.00

o. Nomination Facility / ECS

In accordance with the provisions of Section 72 of the Companies Act, 2013, and the rules prescribed there under shareholders can now nominate a person with whom the shares shall vest in the event of death of the shareholder.

The nomination can be made only by individuals holding shares of the Company either in their sole name or jointly with another (not exceeding one joint holder). The nominee shall be an individual.

In the event of death of the sole or both the joint holders the nominee shall be entitled to have the shares registered in his name together with all the benefits like dividend, etc., accrued in the said shares.

Shareholders who would like to avail nomination facility may please file the nomination form with the Share Transfer Agent of the Company.

For and on behalf of the Board of Directors

Place: Chennai-17
Date: 14th August 2014

A.C. JAIN
Managing Director
DIN : 02215110

G.R.JAIN
Joint Managing Director
DIN : 01182117

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, I affirm that the Board Members and the Senior Management Personnel have confirmed with the code of conduct, as applicable to them, for the year ended 31st March, 2014.

For RAINBOW FOUNDATIONS LIMITED

Sd/-

Place: Chennai
Date: 14th August,2014

G.R.JAIN
Joint Managing Director
DIN : 01182117

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To The Members/shareholders
M/s. Rainbow Foundations Limited
CIN : L55101TN1994PLC027739

We have examined the compliance of conditions of Corporate Governance by M/s. Rainbow Foundations Limited, for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding fifteen days against the company as per the records maintained by the shareholders committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For JM & Associates

Company Secretaries

SOY JOSEPH

Partner
(Certificate of Practice No.5612)
Chennai
14th August, 2014

CERIFICATE BY CEO / CFO

I, G.R.JAIN, Joint Managing Director of Rainbow Foundations Limited, to the Best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Statement of Profit and Loss Account and all its Notes on Accounts, as well as the Cash Flow Statement, in respect of the 12 Months period ended 31st March, 2014 and these statements:
 - (i) does not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. I am responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have also disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls for financial reporting, if any, and what I have done or propose to do to rectify these.
3. As there were no instances of fraud, that involves management or employees having a significant role in the Company's internal control systems for financial reporting, no disclosure were required to be made.
4. We have indicated to the Auditors, the Audit Committee and in the notes of accounts, whether or not there were
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For RAINBOW FOUNDATIONS LIMITED

Sd/-

G.R.JAIN
Joint Managing Director
DIN : 01182117

Place: Chennai
Date: 14th August,2014

**INDEPENDENT AUDITOR'S REPORT
to the members of M/s. RAINBOW FOUNDATIONS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of M/S. RAINBOW FOUNDATIONS LIMITED, CHENNAI – 600 017 ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year then ended, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date;
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

PLACE: CHENNAI

DATED : 30th May 2014

For JAIN BAFNA AND CO.,

(Chartered Accountants)

(S.MUTHUKUMAR)

(Partner)

Address: F-1, 58, Greams Road,

Chennai 600 006

Mem No: 209636

Firm Reg No:010657 S

In the case of M/s RAINBOW FOUNDATIONS LIMITED,

The Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors Report to the shareholders of M/S RAINBOW FOUNDATIONS LIMITED, for the year ended 31st March 2014 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate we further state that:

- i.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Fixed Assets have been physically verified at the year-end by the management and in our opinion the frequency of verification is reasonable and there was no discrepancy noticed on such verification by the management.
 - c) During the year the company has disposed of a part of the Building. According to the information and explanations given to us, we are of the opinion that the sale of the said part of Building has not affected the going concern status of the company.
- ii.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii.
 - a) According to the information and explanations given to us and in our opinion, during the year the Company has taken interest unsecured loan from two parties listed under the register maintained under section 301 of the Companies Act, 1956 and the closing balance is Rs. 1766.00Lakhs and the maximum amount outstanding was Rs. 1902.53 Lakhs. The company has not granted unsecured loans to parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - b) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the company.
 - c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
 - d) There is no overdue amount of loans taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- iv. According to the information and explanations given to us and in our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of flats and plots. Further, on the basis of our examination of the books and records of the company, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedure.
- v.
 - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us and in our opinion, the Company has not accepted any deposit from the public within the meaning of the Provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and the directions issued by the Reserve Bank of India. No order has been passed by the Company Law Board.
- vii. According to the information and explanations given to us and in our opinion, the Company does not have an independent Internal Auditor. However they have an Internal Audit system commensurate with the size and nature of its business
- viii. According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the company's products.
- ix.
- a. According to the information and explanations given to us and in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues as applicable to it and there were no undisputed amount payable in respect of Income-Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as on 31st March 2014, for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company, as at 31st March 2014, there are no dues of wealth tax/ customs duty/excise duty/cess, which have not been deposited on account of any dispute. The particulars of Income Tax and Service Tax as at 31st March 2014 which have not been deposited on account of dispute are as follows:

Name of the Statue	Nature of Dues	Amount under dispute not yet deposited Rs.	Period to which amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income tax including interest till the date of assessment	2,85,218	AY 2002-03	The Hon'ble Madras High court, Chennai
Income Tax Act 1961	Income Tax Along with Interest till the date of Assessment	Rs. 3,33,003/-	AY 2007-08	The Commissioner of Income Tax (Appeals), Chennai
Finance Act 1994 (Service Tax)	Service Tax & Penalty, Interest to be quantified till the date of actual payment	Rs. 7,91,330/-	From November 2004 to September 2007	The Commissioner of Central Excise (Appeals), Chennai

- x. According to the information and explanations given to us and in our opinion, The Company does not have any accumulated losses as at 31st March 2014 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the information and explanations given to us and in our opinion, during the year, the Company has not defaulted in repayment of dues to any financial institution or bank and there are no debenture holders.
- xii. According to the information and explanations given to us and in our opinion, the Company has not granted any loan or advance by way of pledge of shares, debentures and other securities and hence paragraph 4 (xii) of the Companies (Auditors' Report) Order 2003 is not applicable.
- xiii. According to the information and explanations given to us and in our opinion, the Company is not a nidhi/mutual benefit fund/society, paragraph 4 (xiii) of the Companies (Auditors' Report) Order 2003 is not applicable.
- xiv. According to the information and explanations given to us and in our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Companies (Auditors' Report) Order 2003 is not applicable.
- xv. According to the information and explanations given to us and in our opinion, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. According to the information and explanations given to us and in our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and in our opinion, on the basis of overall examination of the Balance Sheet of the Company, there were no funds raised on a short - term basis which have been used for long – term investment and vice versa.
- xviii. According to the information and explanations given to us and in our opinion, the Company has not made any preferential allotment of shares during the year to any party and hence paragraph 4 (xviii) of the Companies (Auditors' Report) Order 2003 is not applicable.
- xix. According to the information and explanations given to us and in our opinion, the Company has not issued any debenture during the year and hence paragraph 4 (xix) of the Companies (Auditors' Report) Order 2003 is not applicable.
- xx. According to the information and explanations given to us and in our opinion, the Company has not raised any money during the year by way of public issue, paragraph 4 (xx) of the Companies (Auditors' Report) Order 2003 is not applicable.
- xxi. To the best of our knowledge and according to the information and explanations given to us and the records of the Company examined by us, no fraud on or by the Company was noticed or reported during the year.

PLACE: CHENNAI

DATED : 30th May 2014

For JAIN BAFNA AND CO.,
(Chartered Accountants)
(S.MUTHUKUMAR) (Partner)
Address: F-1, 58, Greams Road,
Chennai 600 006 Mem No: 209636
Firm Reg No:010657 S

Balance Sheet as at 31st March,2014

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	55,131,000.00	55,131,000.00
(b) Reserves and Surplus	4	48,378,959.55	39,991,475.05
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	256,305.00	-
(b) Other Long term liabilities	6	127,917,227.13	126,606,187.00
(3) Current Liabilities			
(a) Short-term borrowings	7	547,461,917.75	136,815,891.63
(b) Trade payables	8	306,616,653.70	415,296,306.06
(c) Other current liabilities	9	3,054,831.50	4,270,092.50
(d) Short-term provisions	10	3,512,861.00	2,045,672.00
Total		1,092,329,755.63	780,156,624.24
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	3,292,072.78	3,764,568.00
(b) Deferred tax assets (net)	12	350,153.00	340,216.00
(c) Long term loans and advances	13	823,898.00	772,898.00
(2) Current assets			
(a) Inventories	14	760,249,687.53	586,259,970.75
(b) Trade receivables	15	29,725,068.55	31,816,563.84
(c) Cash and cash equivalents	16	21,487,906.17	9,036,255.76
(d) Short-term loans and advances	17	272,015,982.00	143,158,328.00
(e) Other current assets	18	4,384,987.60	5,007,823.89
Total		1,092,329,755.63	780,156,624.24

"See accompanying Notes to the Financial Statements"

2

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Place: Chennai

As per our report of even date attached

Date: 30th May 2014

For and on behalf of the Board

for JAIN BAFNA AND CO

Firm Reg No: 010657 S

(Chartered Accountants)

(A.C.Jain)

(G.R.Jain)

Managing Director

Joint Managing Director

(S Muthukumar)

Partner

(P. Krishnasamy)
Company Secretary

Membership No: 209636

Statement of Profit and Loss Account for the year ended on 31st March 2014

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from operations	19	145,659,446.73	140,131,341.50
II. Other Income	20	14,029,071.30	2,889,523.00
III. Total Revenue (I +II)		159,688,518.03	143,020,864.50
IV. Expenses:			
Purchase of Stock-in-Trade	21	139,030,258.12	106,861,863.05
Changes in inventories of Stock-in-Trade	22	(24,766,162.94)	4,181,084.56
Employee benefit expense	23	3,165,336.00	2,792,997.00
Financial costs	24	26,029,141.12	15,001,268.98
Depreciation and amortization expense	11	634,242.00	793,518.00
Other expenses	25	3,074,243.23	5,800,644.25
IV Total Expenses		147,167,057.53	135,431,375.84
V. Profit before exceptional and extraordinary items and tax (III - IV)		12,521,460.50	7,589,488.66
VI. Exceptional Items (Profit after adjusting loss on sale of fixed asset)		-	-
VII. Profit before extraordinary items and tax (V - VI)		12,521,460.50	7,589,488.66
VIII. Extraordinary Items (prior period expenses)		-	-
IX. Profit before tax (VII - VIII)		12,521,460.50	7,589,488.66
X. Tax expense:			
(1) Current tax		4,143,913.00	2,602,553.00
(2) Deferred tax		(9,937.00)	(34,484.00)
XI. Profit (Loss) from the period from continuing operations (IX-X)		8,387,484.50	5,021,419.66
XII. Profit (Loss) from discontinuing operations			
XIII. Tax expense of discounting operations			
XIV. Profit (Loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XII - XIV)		8,387,484.50	5,021,419.66
XVI. Earning per equity share:			
(1) Basic	26	1.52	0.91
(2) Diluted	27	1.52	0.91

See accompanying Notes to the Financial Statements 2

Place: Chennai

Date: 30th May 2014

For and on behalf of the Board

(A.C.Jain)
Managing Director(G.R.Jain)
Joint Managing Director(P. Krishnasamy)
Company Secretary

As per our report of even date attached

for JAIN BAFNA AND CO
Firm Reg No: 010657 S
(Chartered Accountants)(S Muthukumar)
Partner
Membership No: 209636

1. Company Information

The company is in the business of Real estate development in the state of Tamilnadu. It is engaged in the building of Flats, Commercial Complex's and Resorts. The company is also engaged in the development and marketing of plots and pieces of land.

2. Significant Accounting Policies

1. Basis of Accounting

a. The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India and the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current / noncurrent classification of assets and liabilities

2. Use of estimates

a. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

3. Fixed assets and depreciation

- a. Fixed assets (gross block) are stated at historical cost.
- b. Depreciation on assets is provided on written down value method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.
- c. In line with Accounting Standard 19 on 'Leases', fixed assets acquired through 'finance lease' transactions entered into on or after 1st April 2001, have been capitalised.

4. Inventories

Inventories are valued as under

- a. Land and Plots which are registered in the name of the company are valued at cost.
- b. Constructed properties includes the cost of land, internal development costs, external development charges, construction costs, development/ construction materials, and is valued at cost or net realisable value, whichever is lower.
- c. Work in progress includes internal development costs, external development charges, construction costs, and development / construction materials in respect to the unsold square footage.

5. Construction contracts

- a. The company accounts for income on the percentage to completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion of each contract/ activity, on the basis of which profits/losses are accounted.
- b. Such estimates, made by the company, have been relied upon, as these are of a technical nature.
- c. The company accounted for construction receipts at the end of the financial year based on "Percentage of Completion Method".
- d. Expenditure incurred during the progress of contracts relating to unsold square footage up to the stage of completion are

carried forward as work- in- progress.

- e. Advances and progress payments, received and receivable from customers in respect of such construction contracts in progress are disclosed under Current Liabilities/Current Assets respectively.

6. Revenue recognition

- a. Sale of Land & Undivided Share of Land(UDS)
 - i. Sale of land and UDS (excluding land under agreement to sell) is recognised in the financial year in which the sale deed is executed.
- b. Revenue from constructed properties:
 - ii. Revenue from constructed properties is recognised on the "percentage of completion method" as suggested under Accounting Standard 7 on Construction Contracts(revised 2002) issued by the Institute of Chartered Accountants of India. Total sale consideration as per the agreements to sell constructed properties entered into is recognised as revenue based on the percentage of actual project costs incurred thereon to total estimated project cost. Project cost includes estimated construction and development cost of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognised in the period such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, the loss is recognised immediately.
- c. Interest Income
 - iii. Interest from various Short Term/ Long Term investments is recognised on time proportion basis, taking into account the amount outstanding and the rate applicable

7. Interest from customers under agreements to sell

- a. Interest from customers under agreements to sell/construction is accounted for on actual receipt. (Cash basis.)

8. Cost of revenue

- a. Land and plots development costs include land acquisition cost, internal development costs and external development charges, which are not charged to the Statement of Profit and Loss. They are carried forward as work in progress.
- b. Cost of constructed properties and properties under construction includes cost of land (excluding land under agreements to purchase), internal development costs, external development charges, construction costs and development/construction materials, which is charged to the Statement of Profit and Loss based on the percentage of revenue recognised as per accounting policy (7) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

9. Borrowing costs

- a. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

10. Segment Reporting

- a. Accounting Standard 17 "Segment Reporting" as issued by ICAI requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit that provides Property Development Services only and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.

11. Deferred Taxation

- a. Current income-tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

12. Retirement benefits

- a. Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.
 - I. Provident fund
 1. The Company is not liable for provident fund.
 - ii. Gratuity
 2. Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability is not recognised in the balance sheet in respect of gratuity.

13. Contingent liabilities

- a. Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are not provided for.

14. Earnings per share

- a. Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events including a bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

No	Particulars	As at 31 Mar 2014		As at 31 Mar 2013	
		Number	Amount	Number	Amount
3	SHARE CAPITAL				
	Authorised Capital				
	Equity Shares of Rs. 10 each	12,000,000	120,000,000.00	12,000,000	120,000,000.00
	Total	12,000,000	120,000,000.00	12,000,000	120,000,000.00
	Issued, Subscribed and fully paid up Share Capital				
	Equity Shares of Rs. 10 each	5,513,100	55,131,000.00	5,513,100	55,131,000.00
	Total	5,513,100	55,131,000.00	5,513,100	55,131,000.00
	Total taken to Balance Sheet		55,131,000.00		55,131,000.00
3.1	RECONCILIATION OF SHARE CAPITAL	Number	Amount	Number	Amount
	Equity Shares (Face Value Rs 10.00)				
	Shares outstanding at the beginning of the year	5,513,100	55,131,000.00	5,513,100	55,131,000.00
	Shares Issued during the year	-	-	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	5,513,100	55,131,000.00	5,513,100	55,131,000.00
3.2	RIGHTS PREFERENCES AND RESTRICTIONS ATTACHED TO SHARES				
	The company has only one class of equity shares which have a face value of Rs. 10 Per share.				
	Each holder of equity shares is entitled to one vote per share.				
	The company declares and pays dividends in Indian Rupees.				
	The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except for Interim Dividend				
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
4	Reserves and Surplus	As at 31 Mar 2014		As at 31 Mar 2013	
4.1	General Reserve				
	Openning balance		108,063.44		108,063.44
	Add: Current year surplus		-		-
	Closing Balance		108,063.44		108,063.44
	Shares Forfeited				
	Openning balance		1,984,500.00		1,984,500.00
	Add: Current year surplus		-		-
	Closing Balance		1,984,500.00		1,984,500.00
	Surplus from Profit Loss account				
	Openning balance		37,898,911.61		32,877,491.95
	Add: Current year surplus		8,387,484.50		5,021,419.66
	Closing Balance		46,286,396.11		37,898,911.61
		Total taken to Balance Sheet		48,378,959.55	

5 Long-term borrowings

5.1	Secured		
	From NBFC	256,305.00	-
	Total taken to Balance Sheet	256,305.00	-
a	Secured by hypothecation of Vehicles held by the company		

6 Other Long term liabilities

6.1	Trade Payables		
	Trade Payables with others	127,917,227.13	126,606,187.00
	Total taken to Balance Sheet	127,917,227.13	126,606,187.00

7 Short Term Borrowings

7.1	Secured Borrowings		
	Loans repayable on Demand		
	From Banks	96,419,521.75	60,055,163.63
	From NBFC	141,004.00	244,928.00

7.2 Unsecured Indian Rupee Borrowings

	Loans repayable on Demand		
	From related parties	176,600,000.00	12,075,000.00
	From other Parties	274,301,392.00	64,440,800.00
	Total taken to Balance Sheet	547,461,917.75	136,815,891.63

	Secured Borrowings:		
a	Secured Loan from Banks: Secured by the Term Deposit held in the name of the company, Land and Building owned by the company, and properties owned by the directors and their relatives and personal guarantees given by the directors.		
b	Secured Loan from NBFC: Secured by Hypothecation of Vehicles held by the company		
c	Refer to Note 28 for related party disclosures		

8 Trade Payables

	Trade Payables	306,616,653.70	415,296,306.06
		306,616,653.70	415,296,306.06

a	There are no Micro and Small Scale Business Enterprises, to whom Company owes dues, which are outstanding for more than 45 days as at 31/03/2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company		
b	Balances due to various parties are subject to confirmation/reconciliation thereof. Management does not consider any adjustment on completion of reconciliation/confirmation.		

9 Other Current Liabilities

9.1	Others		
	Expense Payable	489,846.50	2,715,245.50
	Sales Tax Payable	148,000.00	258,000.00
	TDS Payable	2,416,985.00	1,296,847.00
	Total taken to Balance Sheet	3,054,831.50	4,270,092.50

10 Short-term provisions

10.1	Provision for income tax	3,512,861.00	2,045,672.00
	Total taken to Balance Sheet	3,512,861.00	2,045,672.00

FIXED ASSETS

11	Tangible asset	Gross Value			Depreciation			Closing balance			
		Opening balance	Additions	Deletions	Total	upto 31 03 2013	Current Year	Ad ustments	upto 31 03 2014	as on 31 03 2014	as on 31 03 2013
11.1	Building	3,199,384.91		650,074.22	2,549,310.69	1,377,368.91	90,278.00	171,384.00	1,296,262.91	1,253,047.78	1,822,016.00
11.2	Plant & Equipments	842,460.00	38,500.00		880,960.00	649,738.00	31,385.00		681,123.00	199,837.00	192,722.00
11.3	Furniture & Fixtures	429,052.07			429,052.07	307,913.07	21,926.00		329,839.07	99,213.00	121,139.00
11.4	Vehicles	4,745,965.00	578,131.00		5,324,096.00	3,150,066.00	473,049.00		3,623,115.00	1,700,981.00	1,595,899.00
11.5	Computers	367,612.00	23,806.00		391,418.00	334,820.00	17,604.00		352,424.00	38,994.00	32,792.00
	Total	9,584,473.98	640,437.00	650,074.22	9,574,836.76	5,819,905.98	634,242.00	171,384.00	6,282,763.98	3,292,072.78	3,764,568.00
	Figures for the previous year										
		10,639,439.98	49,590.00	1,104,556.00	9,584,473.98	5,879,667.98	793,518.00	853,280.00	5,819,905.98	3,764,568.00	4,759,772

12 Deferred Tax Asset(Net)

	The composition of Deferred Tax Asset relating to timing difference on account of depreciation	350,153.00	340,216.00
		350,153.00	340,216.00

13 Long term loans and advances

13.1	Other Loans and Advances		
	Unsecured Considered Good		
	Sales Tax Recoverable	305,800.00	305,800.00
	Rental Deposit	345,000.00	300,000.00
	Electricity Deposit	19,630.00	19,630.00
	Telephone Deposit	48,474.00	42,474.00
	Other Deposits	12,500.00	12,500.00
	TDS Recoverable	92,494.00	92,494.00
	Total taken to Balance Sheet	823,898.00	772,898.00

14 Inventories

14.1	Work in progress	712,741,914.65	563,518,360.81
14.2	Stock in trade - Finished Flats	47,507,772.88	22,741,609.94
	Total taken to Balance Sheet	760,249,687.53	586,259,970.75
a)	Work in Progress: This is values based on cost of completion		
b)	Stock in Trade: This is values based on cost of completion or Net Realisable value which ever is lower		

15 Trade receivables

15.1	Trade receivables outstanding for (Considered good and unsecured) more than 6 months	22,557,964.64	30,284,536.20
	others	7,167,103.91	1,532,027.64
	Total taken to Balance Sheet	29,725,068.55	31,816,563.84

16 Cash and cash equivalents

	Cash and cash equivalents		
16.1	Balance with banks in current account	8,781,297.50	7,234,472.59
16.2	Cash in hand	2,030,963.67	1,506,390.17
16.3	Other Bank Balances: in Deposit account (Maturity on 31.03.2015)	10,675,645.00	295,393.00
	Total taken to Balance Sheet	21,487,906.17	9,036,255.76
a)	Bank deposits have been given as security for the secured loan from a Bank as disclosed in Note 7.1		

17 Short-term loans and advances

	Other Loans and Advances Unsecured - Considered Good		
	Staff Advances	71,500.00	67,500.00
	Interest Receivable	714,865.00	714,865.00
	Loans	271,229,617.00	142,375,963.00
	Total taken to Balance Sheet	272,015,982.00	143,158,328.00

18 Other current assets

	Service Tax Recoverable	4,300,185.60	4,921,562.89
	Income Tax Refundable	18,978.00	18,978.00
	Prepaid Expenses	34,135.00	26,723.00
	TDS Receivable	1,351.00	5,631.00
	Rent Receivable	30,338.00	34,929.00
	Total taken to Balance Sheet	4,384,987.60	5,007,823.89

19 Revenue from operations

19.1	Sale of		
	Commercial Complex	600,000.00	8,797,800.00
	Flats Houses Shops	122,508,346.73	131,034,741.50
	Plots/Land	22,551,100.00	298,800.00
	Total	145,659,446.73	140,131,341.50

20 Other Income

20.1	Interest Income	12,704,091.52	2,714,799.00
	Other Non Operating Income		
	Rental Income	303,667.00	156,000.00
	Profit on Sale of Asset	1,021,309.78	18,724.00
	Sundry Written Off	3.00	-
		14,029,071.30	2,889,523.00

21 Purchase of Stock-in-Trade

21.1	Cost of		
	Commercial Complex	219,172.99	3,394,050.81
	Flats Houses Shops	122,781,960.13	103,343,312.24
	Plots/Land	16,029,125.00	124,500.00
	Total	139,030,258.12	106,861,863.05

22 Changes in inventories of Stock-in-Trade

	Opening Balance	22,741,609.94	26,922,694.50
	Less: Closing Balance	47,507,772.88	22,741,609.94
	Total	(24,766,162.94)	4,181,084.56

23 Employee benefit expense

	Salaries & Wages	3,103,000.00	2,743,700.00
	Staff Welfare Expenses	62,336.00	49,297.00
	Total	3,165,336.00	2,792,997.00
a	Refer to Note 28 for related party disclosures		

24 Financial costs

	Interest Expenses	25,716,352.52	14,699,429.00
	Interest on TDS	26,896.00	-
	Other borrowing costs	285,892.60	301,839.98
	Total	26,029,141.12	15,001,268.98
a	Refer to Note 28 for related party disclosures		

25 Other Expenses

25.01	Payment to Auditors		
	for Audit	75,000.00	75,000.00
	for Tax Representations	50,000.00	50,000.00
	for Reimbursement of expenses	2,840.00	1,200.00
25.02	Electricity Charges	61,873.00	70,972.38
25.03	Rent	411,200.00	394,000.00
25.04	Repairs to buildings	480,559.00	1,080,974.00
25.05	Repairs to machinery	29,890.00	46,778.00
25.06	Insurance	78,154.45	70,482.00
25.07	Rates & Taxes	-	13,500.00
25.08	Brokerage and Commission	-	375,725.00
25.09	Sales Promotion	213,768.00	315,628.00
25.10	Telephone Expenses	147,862.80	154,375.46
25.11	Travelling Expenses	210,489.02	110,175.94
25.12	Vehicle Maintenance	776,624.31	570,436.22
25.13	Listing Fee	69,000.00	70,855.00
25.14	Professional Charges	162,286.00	2,216,938.00
25.15	Conveyance Charges	64,244.00	33,830.50
25.16	Donation	51,000.00	-
25.17	Miscellaneous expenses	189,452.65	149,773.75
	Total	3,074,243.23	5,800,644.25

26 Earnings per Equity Share - Basic

	Net profit (loss) for the year from continuing operations	8,387,484.50	5,021,419.66
	Weighted average number of equity shares	5,513,100.00	5,513,100.00
	Earnings per share from continuing operations - Basic	1.52	0.91

27 Earnings per Equity Share - Diluted

	Net profit (loss) for the year from continuing operations	8,387,484.50	5,021,419.66
	Weighted average number of equity shares	5,513,100.00	5,513,100.00
	Earnings per share from continuing operations - Diluted	1.52	0.91

No.	Description of relationship		Name(s) of related partie(s)	
28	Key Management Personnel (KMP)	1	Anoop Chand Jain - Managing Director	
		2	Ga ra Jain - Joint Managing Director	
28.1	Related Part Transaction		3/31/2014	3/31/2013
	Unsecured Loan - Taken			
	Anoop Chand Jain	1	17,200,000.00	8,075,000.00
	Gajraj Jain	2	159,400,000.00	4,000,000.00
	Total		176,600,000.00	12,075,000.00
	Salar			
	Anoop Chand Jain	1	720,000.00	660,000.00
	Gajraj Jain	2	720,000.00	660,000.00
	Total		1,440,000.00	1,320,000.00
	Interest			
	Gajraj Jain	1	8,265,288.00	215,000.00
	Total		8,265,288.00	215,000.00
29	Notes have been rearranged and regrouped wherever necessary.			

Place: Chennai

As per our report of even date attached

Date: 30th May 2014

For and on behalf of the Board

for JAIN BAFNA AND CO

Firm Reg No: 010657 S

(Chartered Accountants)

(A.C.Jain)

(G.R.Jain)

Managing Director

Joint Managing Director

(S Muthukumar)

Partner

Membership No: 209636

(P. Krishnasamy)

Company Secretary

CASH FLOW STATEMENT

	2013-2014		2012-2013	
	(Amount in Rs. Thousands)		(Amount in Rs. Thousands)	
A. Cash Flow from Operating Activities				
a. Net Profit before taxation and extraordinary items		12,521.46		7,589.49
b. Adjustments for:				
Depreciation	634.24		793.52	
Interest income	(12,704.09)		(2,714.80)	
Liabilities Provisions written back				
(Profit) Loss on sale of fixed assets	(1,021.31)		(18.72)	
Interest expense(net)	25,743.25	12,652.09	14,699.43	12,759.43
c. Operating Profit before working capital changes		25,173.55		20,348.92
i. (Increase) Decrease in sundry debtors	2,091.50		8,598.37	
ii.(Increase) Decrease in inventories	(173,989.72)		(113,402.06)	
iii.Increase (Decrease) in current liabilities	(108,583.87)		253,355.17	
iv.(Increase) Decrease in loans and advances	(128,857.65)		(104,031.53)	
v.(Increase) Decrease in other current assets	571.84		(4,766.89)	
Total		(408,767.90)		39,753.06
d. Cash generated from operations		(383,594.35)		60,101.98
e. Income Taxes paid net of refund		(2,676.7)		(1,476.17)
f. Net Cash from operating activities		(386,271.07)		58,625.81
B. Cash Flow from Investing Activities				
a. Purchase of Fixed assets	(640.44)		(49.59)	
b. Proceeds from sale of asset	1,500.00		270.00	
c. Advances to subsidiaries firms	-		-	
d. Purchase of investments	-		-	
e. Interest received	12,704.09		2,714.80	
f. Net Cash from investing activities		13,563.65		2,935.21
C. Cash Flow from Financing Activities				
a. Issue of shares Capital introduced	-		-	
b. Proceeds from long term borrowings	-		-	
c. Repayment of long term borrowings	-		-	
d. Change in working capital finance	36,364.35		16,288.18	
e. Net increase (decrease) in other borrowings	374,537.97		(55,536.49)	
f. Interest paid	(25,743.25)		(14,699.43)	
g. Net Cash from financing activities		385,159.07		(53,947.74)
Net increase in cash and cash equivalents		12,451.65		7,613.28
(A B C)				
Cash and cash equivalents at the beginning of the period		9,036.26		1,422.98
Cash and cash equivalents at the end of the period		21,487.91		9,036.26

The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 issued by ICAI.

Place: Chennai

Date: 30th May 2014

For and on behalf of the Board

(A.C. JAIN) (G.R. JAIN)
 Managing Director Joint Managing Director
 (P. Krishnasamy)
 Company Secretary

for JAIN BAFNA And Co.,
 (Chartered Accountants)
 (S Muthukumar)
 Partner

RAINBOW FOUNDATIONS LIMITED

Regd. Office: No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017

CIN : L55101TN1994PLC027739

ATTENDANCE SLIP

Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 20th Annual General Meeting at the Registered office of the Company situated at No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017 on Monday, the 29th September, 2014 at 9.30 a.m.

Name of the attending Member.....
(in block letters)

Member's Folio Number.....

Name of Proxy (in block letters)
(To be filled in if the Proxy attends instead of the Member)

No. of Shares held

Signature of Proxy holder / Signature of Shareholder

RAINBOW FOUNDATIONS LIMITED

Regd. Office: No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017

CIN : L55101TN1994PLC027739

PROXY FORM

I/We of in the district of being a member(s) of Rainbow Foundations Limited hereby appoint of in the district of or failing him of in the district of as my / our proxy to vote for me / us on my / our behalf at the 20th Annual General Meeting of the Company to be held at No.4, Thanikachalam Road, T. Nagar, Chennai – 600017, Tamil Nadu, on 29th September, 2014 at 9.30 a.m. and at any adjournment thereof.

Signed this day of, 2014

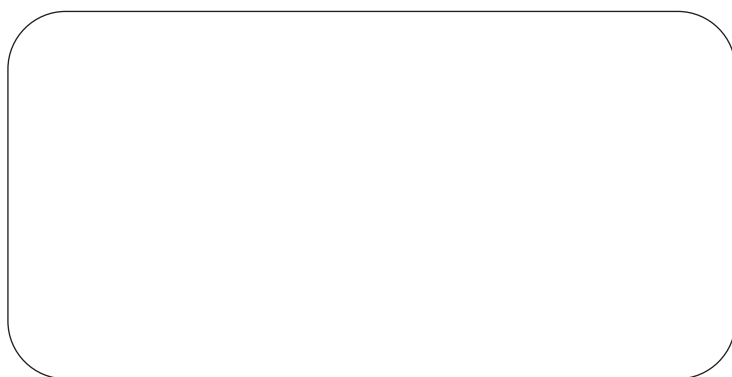
Affix
Rupee 1.00
Revenue
Stamp

Signature

Note: The proxy in order to be effective must be deposited at the Registered Office of the Company at the above address not less than 48 hours before the time for holding the aforesaid meeting and should be duly stamped, completed and signed.

RAINBOW FOUNDATIONS LIMITED

BOOK - POST

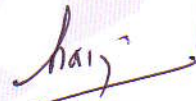


If undelivered, Please return to :
Rainbow Foundations Limited
Regd.off. : No.4, Thanikachalam Road,
T.Nagar, Chennai - 600 017.
Tamil Nadu

FORM A

1. Name of the Company	RAINBOW FOUNDATIONS LIMITED
2. Annual financial statement for the year ended	2013-2014
3. type of Audit observation	1. Un-Qualified <input checked="" type="checkbox"/> 2. Matter of Emphasis
4. Frequency of observation	1. Whether appeared for the first time? <input checked="" type="checkbox"/> 2. Repetitive? 3. Since how long period (if Repetitive)?
To Be signed by	Any One: 1. CEO/ Managing Director <input checked="" type="checkbox"/> 2. CFO 3. Auditor of the Company 4. Audit Committee Chairman

For RAINBOW FOUNDATIONS LIMITED



(G.R. JAIN)

Joint Managing Director

