



# Rainbow Foundations Ltd.

12<sup>th</sup> September, 2015

To

Bombay Stock Exchange Limited  
Department of Corporate Service  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai - 400001

Dear Sir,

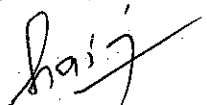
**SUB: Submission of Annual Report – 2014-15**

Please find enclosed herewith the soft copy of 21<sup>st</sup> Annual Report (2014-15) of the Company along with scanned copy of Form A for your records.

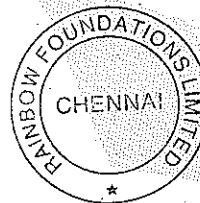
Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,  
For **RAINBOW FOUNDATIONS LIMITED**



**GAJRAJ JAIN**  
Compliance Officer/  
Joint Managing Director  
(DIN: 01182117)



**Encl: As above.**



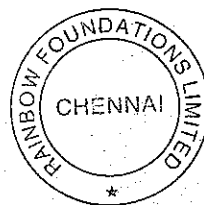


# Rainbow Foundations Ltd.

## FORM A

<b>1. Name of the Company</b>	<b>RAINBOW FOUNDATIONS LIMITED</b>
<b>2. Annual financial statement for the year ended</b>	<b>2014-2015</b>
<b>3. Type of Audit observation</b>	1. Un-Qualified <input checked="" type="checkbox"/> 2. Matter of Emphasis
<b>4. Frequency of observation</b>	1. Whether appeared for the first time? <input checked="" type="checkbox"/> 2. Repetitive? 3. Since how long period (if Repetitive)?
<b>To Be signed by</b>	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**



**(GAJRAJ JAIN)**  
**Joint Managing Director**  
**DIN: 01182117**





RAINBOW  
FOUNDATIONS LIMITED



21<sup>st</sup> Annual Report  
2014 - 2015

**BOARD OF DIRECTORS**

Mr. Anopchand Jain  
Managing Director

Mr. Gajraj Jain  
Joint Managing Director

Mr. Mukesh kumar M. Mehta  
Independent Director

Mr. P.M. Mothiram  
Independent Director

Mr. Sampat Raj Singhvi  
Independent Director

Mrs. Lakshmi Sreedhar  
Woman Director

**COMPANY SECRETARY**

Mr. P. Krishnasamy

**AUDITORS:**

Jain Bafna and Co  
Chartered Accountants, Chennai – 600 006.

**BANKERS:**

The Catholic Syrian Bank Ltd  
T.Nagar Branch, Chennai – 600 017.

State Bank of Mysore  
Thanikachalam Road Branch  
Chennai – 600017.

Axis Bank Ltd  
Kodambakkam Branch, Chennai – 600024

ICICI Bank Ltd  
Venkatnarayana Road Branch  
Chennai – 600017

**NAME OF STOCK EXCHANGE WHERE THE COMPANY'S SHARES HAS BEEN LISTED :**

Bombay Stock Exchange Ltd., Mumbai  
DEMAT ISIN - INE230F01014

**REGISTERED OFFICE :**

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

**REGISTRAR & TRANSFER AGENTS**

M/s Cameo Corporate Services Limited  
"Subramaniam Building"  
No.1, Club House Road, Chennai – 600 002  
Ph : 044 - 28460390 (6 lines)  
Fax : 044 - 28460129

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## NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of Rainbow Foundations Limited will be held on Wednesday, the 30th day of September 2015 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 Financial Statements of the Company for the Financial Year ended on 31st March, 2015 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Anopchand Jain (DIN: 02215110), who retires by rotation and being eligible, offers himself for re-appointment.

### 3. Re-appointment of Statutory Auditor

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

“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 21st Annual General Meeting upto the conclusion of the 22nd Annual General Meeting of the Company on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS:

### 4. Re-appointment of Mr. Gajraj Jain as Joint Managing Director of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to recommendation of the Board Governance, Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule - V of the Companies Act, 2013 and as per Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Gajraj Jain (DIN: 01182117) as Joint Managing Director of the Company with effect from 1st January, 2015, as well as the payment of salary, commission and perquisites, upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Gajraj Jain;

RESOLVED FURTHER THAT the remuneration payable to Mr. Gajraj Jain, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution”

### 5. Regularization of Ms.Lakshmi Sreedhar as Director of the Company

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

“RESOLVED THAT Ms. Lakshmi Sreedhar (DIN : 07144753) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd March 2015 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

6. Investment of funds by the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 186 read with the Rules framed thereunder and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof, for the time being in force), and subject to such approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called ‘the Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to (a) give any loan to any person(s) or other body corporate(s); (b) to give any guarantee or provide security in connection with a loan to any other body corporate(s) / person(s) and (c) to make investment or acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) (i) upto an aggregate amount not exceeding INR 200 Crores (Rupees Two Hundred Crores Only) outstanding at any point of time; or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account; or (iii) 100% of its free reserves and securities premium account, whichever is higher, on such terms and conditions, as the Board may think fit;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take from time to time all decisions and steps in respect of the above loans, guarantees, securities and investment including the timing, amount and other terms and conditions of such loans, guarantees, securities and investment and varying the same either in part or in full as it may deem appropriate, and to do and perform all such acts, deeds, matters and things as may be necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution.”

By Order of the Board of Directors  
For Rainbow Foundations Limited

Place: Chennai

Date: 14th August, 2015

Registered Office:

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

Gajraj Jain

Joint Managing Director

(DIN: 01182117)

NOTES:

- a. The relative explanatory statement pursuant to section 102 of the companies act, 2013 in respect of the business under items 4, 5 and 6 are annexed hereto. Information under clause 49 of the listing agreement relating to directors proposed to be reappointed is provided in annexure to this notice.

- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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.
- h. All communication relating to shares may be addressed to the Company at: No.4, Thanikachalam Road, T.Nagar, Chennai - 600017.
- i. The Register of Members and the Share Transfer Books of the company will remain closed from 24th September, 2015 to 30th September, 2015, both days inclusive.
- j. Members may please bring the Admission Slip duly filled in and hand over the same at the entrance to the Meeting Hall.
- k. Members who hold shares in dematerialised form, are requested to quote Depository account number (Client ID No.) for recording of attendance at the meeting.
- l. 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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 21st Annual General Meeting.
- q. 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.

- r. The relevant details of the Directors seeking re-appointment under Item No.2, 4 & 5 above as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, forms part of the Corporate Governance Report.
- s. 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 21st 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 e-voting are as under:

- A. In case a Member receives an email from CDSL [for members whose email IDs are registered with the Company / Depository Participants(s)]:
- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - ii. Click on "Shareholders" tab.
  - iii. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
  - 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 and then enter the Captcha Code as displayed and Click on Login.
  - v. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
  - vi. Now fill up the following details in the appropriate boxes:

User Id	For Members holding shares in DEMAT form For NSDL: 8 Character DP ID followed by 8 digits Client ID For CDSL: 16 digits beneficiary ID	For members holding shares in Physical form Folio Number registered with the Company.
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
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 #	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* 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 sequence number in the PAN Field. 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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. Sequence number has been provided as SI No in the address label.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field.

- vii. After entering these details appropriately, click on "SUBMIT" tab.



- viii. Members holding shares in physical form will then reach directly 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.
  - ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - x. Click on the EVSN for the relevant <Company name> on which you choose to vote.
  - xi. 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.
  - xii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
  - xiii. 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.
  - xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - xvi. If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
  - xvii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- I. Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.
  - II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.cdsl.com](http://www.evoting.cdsl.com)
  - III. 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.
  - IV. 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).
  - V. The e-voting period commences on 27th September, 2015 (9:00 am) and ends on 29th September, 2015 (5:00 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 23rd September, 2015, 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.
  - VI. 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 23rd September, 2015.
  - VII. Mr. Soy Joseph, Company Secretary (Membership No. 13852) 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.

- VIII. The Scrutinizer after the conclusion of voting at the Annual general Meeting, will first count the votes cast at the meeting and thereafter will unblock the votes in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours from conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against the resolution, invalid votes, if any and whether the Resolution(s) has/have been carried or not, to the Chairman or a person authorised by him in writing who shall countersign the same
- IX. The results declared along with the Scrutinizers Report shall be placed on the Company's website [www.rainbowfoundations.in](http://www.rainbowfoundations.in) and on the website of CDSL immediately after the result is declared. The Company shall simultaneously forward the results to BSE limited ("BSE") where the shares of the Company are listed.

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, 4 & 5, OF THE NOTICE DATED 14TH AUGUST, 2015:

Name of the Director	Mr. Anopchand Jain	Mr. Gajraj Jain	Ms. Lakshmi Sreedhar
Date of Birth	07.08.1952	14.07.1961	12.12.1965
Date of appointment on the Board as Director	07.06.1994	07.06.1994	23.03.2015
Date of last appointment / reappointment as Director	07.06.2014	01.01.2015	23.03.2015
Qualification(s)	Intermediate	B.Com.,	Chartered Accountant
Expertise in Specific Functional Area	Wide experience in real estate industry of 35 years and overseas in the entire construction work.	He has rich experience in the industry of 27 years and overseas in the entire construction work.	Has a rich experience in the field of Financials and related area there too.
List of outside Directorships held	1. Virendramal Jain Holdings Limited	Nil	1. eDATA Solutions Private Limited 2. Polymath Prime Private Limited
Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	Virendramal Jain Holdings Limited	Nil	Nil
Relationship between Directors Inter-se.	Brother of Mr. Gajraj Jain	Brother of Mr. Anopchand Jain	Nil
No. of Shares held.	1,76,883	2,00,000	Nil

By Order of the Board  
For Rainbow Foundations Limited

Gajraj Jain  
Joint Managing Director  
(DIN: 01182117)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

The Explanatory Statement pursuant to the section 102 of the Companies Act, 2013 ("the Act"), given hereunder sets out all the material facts relating to the Special Business mentioned at Item No. 4, 5 & 6 of the accompanying notice dated 14th August, 2015.

**Item No. 4**

The Board of Directors of the Company at their meeting held on 30th December, 2014 had re-appointed Mr. Gajraj Jain as the Joint Managing Director, for a period of five years with effect from 1st January, 2015, which is subject to the final approval of the members at the General Meeting. The remuneration payable to Mr. Gajraj 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"> <li>1. Company maintained Car with driver for use for Company's business and personal purpose.</li> <li>2. Fees/expenses of clubs used for business purpose not exceeding Rs.1,00,000/- p.a. (excluding admission and life membership fee).</li> <li>3. Entertainment expenses up to Rs.50,000/- p.a</li> <li>4. Medical Reimbursement: Expenses incurred for the Joint 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.</li> <li>5. 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.</li> <li>6. Personal Accident Insurance: Premium not to exceed Rs.10,000 per annum.</li> </ol>

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

None of the Directors, except Mr. Anopchand 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**

Ms. Lakshmi Sreedhar (DIN: 00636082) was appointed as an Additional Director w.e.f. 23rd March, 2015 in accordance with the provisions of Section 149(1), 161 of the Companies Act, 2013, read along with Rule 3 of Companies (Appointment of Directors) Rules, 2014. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose Ms. Lakshmi Sreedhar, as a candidate for the office of Director of the Company. Ms. Lakshmi Sreedhar, if appointed, will be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

Ms. Lakshmi Sreedhar, is a Chartered Accountant and she has rich experience in the field of Financials and related area there too.

The Board feels that presence of Ms. Lakshmi Sreedhar on the Board is desirable and would be beneficial to the company. As per the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing

Agreement, the Company should have atleast one woman director. Keeping in view the above legal requirements and in deference to Company's shareholders' wishes, the Board of Directors have proposed that Ms. Lakshmi Sreedhar be appointed as a Director of the Company.

The Board recommends the resolution set forth in item No. 5 for Members approval by way of Ordinary resolution.

Except Ms. Lakshmi Sreedhar, 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

Pursuant to Section 186 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and/or the Companies Act, 1956, the Company can make loans to, give guarantees, provide securities to and make investments in the securities of any other person/other bodies corporate to the extent of 60% of its paid-up share capital and free reserves and security premium account or 100% of its free reserves read and securities premium account, whichever is higher, with the approval of the Board of Directors. Where the aggregate of loans and investments made, guarantees given and securities provided exceeds the aforesaid limits, prior approval of the share holders is required by way of a special resolution.

In order to support its business activities, the Company may be required to provide financial support by way of loans / any other form of debt to any person or other body corporate and / or give guarantee and / or provide security in connection with a loan / any other form of debt to any other body corporate or person and to make investment or acquire by way of subscription, purchase or otherwise the securities of any other body corporate in excess of the limits prescribed under the Companies Act, 2013 and rules made thereunder.

It is, therefore, proposed that the Board of Directors of the Company be authorised to invest by way of subscription and/or purchase of securities, grant of loan(s), giving of guarantee(s) and/or providing of security(ies) for an amount not exceeding INR 200 Crores (Rupees Two Hundred Crores Only) from time to time in/to one or more of the persons/entities i.e., subsidiaries/ holding/ joint ventures/ associate companies/other bodies corporate. The source of funds for making these investments would be met from borrowings/surplus funds generated by the Company through operations or from such other sources as the Board may deem appropriate. Since the above investments, loans, guarantees and/or securities proposed together with the aggregate of loans made, guarantees given, securities provided and investments made from time to time by the Company may exceed the limit prescribed, approval of the shareholders is required for the same.

The Board of Directors of your Company accordingly recommends the Resolution as set out in Item No. 6 of the accompanying Notice for the approval of members of the Company as Special Resolution.

Except Directors and Key Managerial Personnel's of the Company who are/may be Directors/ Shareholder in one or more persons/ bodies corporate described hereinabove, no other Director or Key Managerial of the Company is concerned or interested in the said resolution.

By Order of the Board of Directors  
For Rainbow Foundations Limited

Place: Chennai

Date: 14th August,2015

Gajraj Jain  
Joint Managing Director  
(DIN: 01182117)

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting their 21st Annual Report on the business and operations of the Company together with the Audited Statement of Accounts of Rainbow Foundations Limited ("the Company") for the year ended March 31, 2015.

## 1. FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Standalone	
	31/03/2015	31/03/2014
Total Income	3231.21	1596.89
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	558.87	391.85
Finance Charges	458.21	260.29
Depreciation	3.79	6.34
Provision for Income Tax	31.43	41.44
Net Profit/(Loss) After Tax	61.48	83.87
Profit/(Loss) brought forward from previous year	-	-
Profit/(Loss) carried to Balance Sheet	61.48	83.87

## 2. FINANCIAL PERFORMANCE OF THE COMPANY

During the year under review, the Company's Profit before Interest, Depreciation & Tax increased to Rs. 558.87 Lakhs as compared to Rs. 391.85 Lakhs in the previous year. The Company earned a net profit of Rs. 61.48 Lakh in the Current Financial Year as against a net profit of Rs. 83.87 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. CHANGE IN NATURE OF BUSINESS, IF ANY

Our Company has not deviated its line of business activity nor has expanded the area of activities; therefore, there is no change in the nature of business for the year under review.

## 4. DIVIDEND

In order to conserve the resources' of your Company, the Board of Directors do not recommend any dividend for the financial year 2014-15.

## 5. TRANSFER TO RESERVES

The Company has not transferred any amount to reserves for the financial year 2014-15.

## 6. SHARE CAPITAL

The Board of Directors of the Company has not issued any shares during the year.

Present Capital structure of the Company is as follows:

Particulars	As at March 31, 2015		As at March 31, 2015	
	Number	Amount	Number	Amount
Share Capital Authorised Capital Equity shares of INR 10 each	1,20,00,000	120,000,000	1,20,00,000	120,000,000
Issued, Subscribed and fully paid up share capital Equity shares of INR 10 each	55,13,100	55,131,000	55,13,100	55,131,000

## 7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has no subsidiaries, associate and joint ventures, therefore, disclosing the names of the respective entities does not arise.

## 8. MATERIAL CHANGES & COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, OCCURRING AFTER BALANCE SHEET DATE

There are no material changes or commitments likely to affect the financial position of the Company which is having an impact on the functioning and working of the Company. The operations of the Company have been effectively being managed and the Management shall review the performance from time to time in order to monitor the business activities of the Company.

## 9. PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the year 2014-15.

## 10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES TO REFERRED TO IN SUB SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

During the year under review, the Company has not entered into any contracts or arrangements with its related parties.

## 11. DEPOSITS

The Company has not accepted any deposits either from the shareholders or public within the meaning of the Companies (Acceptance of Deposits) Rules, 2014. No amounts on account of principal or interest on deposits from public was outstanding as on 31st March, 2015.

## 12. STATUTORY AUDITORS

The Auditors of your Company, M/s. Jain Bafna & Co., Chartered Accountants, having Firm Registration Number 010657S, hold office until the conclusion of the Twenty first Annual General Meeting and, being eligible, offer themselves for re-appointment as the Auditors of your Company for the financial year 2015-16. The Company has received the consent from the Auditors for their appointment for the respective year.

The Auditor's report on the financial statements for the year 2014-15 does not contain any qualification, reservation or adverse remark.

### 13. COST AUDITORS.

Cost Audit is not applicable to the Company. The Central government has not specified maintenance of cost records for the Company under sub – section (1) of section 148 of the Companies act 2013. Therefore, there is no requirement for appointment of Cost Auditors.

### 14. SECRETARIAL AUDIT REPORT

Pursuant to provisions of Section 204 of the Companies act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S. JM & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the financial year 2014-15. The report of Secretarial Audit is annexed herewith in Form MR - 3 as annexure.

### 15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies act, 2013, the Board of Director's to the best of their knowledge and ability, confirm that:

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

### 16. COMPOSITION OF BOARD

The Composition of Board is governed by the applicable laws and regulations and Articles of Association of the Company.

The Board consists of persons of professional expertise and experience in technical, financial and operational segments who provide leadership and guidance to the management. The Present constitution of the Board of Directors of the Company consists of the following members:

Name of Director	Category of Director	No. of Director-ships in other bodies corporate	No. of Equity Shares held
Mr. Anopchand Jain	P/MD	1	1,76,883
Mr. Gajraj Jain	P/JMD	NIL	2,00,000
Mr. Mukesh Kumar M. Mehta	I/NED	NIL	631
Mr. P.M.Mothiram	I/NED	NIL	NIL
Mr. Sampatraj Singhvi	I/NED	NIL	27
Ms. Lakshmi Sreedhar	I/NED	NIL	NIL

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

The Directorships held by the Directors as mentioned above do not include Alternate Directorships and Directorships held in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.

## 17. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to Section 149(10) of the Companies Act, 2013, read along with Rules framed thereunder, the Members had at the Annual General Meeting of the Company held on September 29, 2014, approved the change in designation of Mr. Mukesh Kumar Manilal Mehta, Mr. P.M. Mothiram and Mr. Sampat Raj Singhvi as Independent Directors for a term of five years. All the Independent Directors have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the rules made thereunder and they are independent of the management.

During the last Annual General Meeting held on September 29, 2014, Mr. Anopchand Jain was re-appointed as the Managing Director of the Company for a term of five years commencing from June 7, 2014 upto June 6, 2019.

Also, during the year under review Mr. Gajraj Jain has been re-appointed as the Joint Managing Director for a period of five years commencing from January 1, 2015 and is paid remuneration as per the terms of his employment.

Mr. Anopchand Jain retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election. Brief particulars and expertise about him has been given in the annexure to the Notice of the Annual General Meeting in accordance with the requirements of listing agreement with the Stock Exchange.

In order to comply with Section 149 of the Companies Act, 2013, the Company had appointed Ms. Lakshmi Sreedhar as the Woman director of the Company vide Board Meeting dated March 23, 2015.

## 18. POLICY ON APPOINTMENT OF DIRECTORS AND CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

The Nomination and Remuneration committee is responsible for developing competency requirements for the Board and in this regard conducts a gap analysis to determine the Board composition on a periodic basis including each time a Director appointment or reappointment is required. The committee has framed a policy to determine the qualifications, positive attributes and independence of a Director. The key features of the policy are:

- Qualifications - The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.
- Positive attributes – Apart from the duties of Directors as prescribed in the Companies act, 2013, the Directors are expected to demonstrate high standards of ethical behavior, communication skills and independent judgement.
- Independence – A Director will be considered independent if he/she meet the criteria laid down in Section 149(6) of the Companies act, 2013 and clause 49 of the listing agreement.



## 19. EVALUATION OF THE BOARD'S PERFORMANCE

In accordance with the provisions of the Companies Act, 2013 and Corporate Governance requirements as prescribed by SEBI under Clause 49 of the Equity Listing Agreement, the Board along with the Nomination & Remuneration Committee have carried out an annual evaluation of its own performance and that of its committees and individual Directors.

The Independent Directors evaluated the performance of the individual Directors on the basis of various criteria included attendance & participation in Board Meeting, engagement with the management in decision making, understanding about the company's business and its affecting industries.

The criteria for performance evaluation of Board included the aspects such as composition of Board and its structure, roles and responsibilities under various provisions of the Companies Act, 2013 etc. The criteria for performance evaluation of Committees of the Board included the aspects like composition of Committees, effectiveness of Committee meetings etc.

## 20. COMMITTEES OF BOARD

During the financial year 2014 -15, the Board constituted some of its Committees, in accordance with the Companies Act, 2013. There are currently three Committees of the Board, as follows:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Stakeholders' Relationship Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the "Report on Corporate Governance".

## 21. BOARD MEETINGS

The Board of Directors met 8 (Eight) times during the year financial year 2014-15.

Details of the composition of the Board and its committees and of the meetings held, attendance of the Directors at such meetings and other relevant details are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

During the year under review, the Board has accepted all recommendations of the Audit Committee.

## 22. VIGIL MECHANISM

The Company has adopted a Whistle blower policy establishing vigil mechanism, to provide a formal mechanism to the directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. It has affirmed that no personnel of the Company has been denied access to the Audit Committee.

## 23. EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in Form MGT- 9 is enclosed as Annexure.

**24. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE****A) Conservation of energy, technology absorption**

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review

**B) Foreign Exchange Earnings and Outgo:**

PARTICULARS	2015 (in INR)	2014 (in INR)
Earnings	Nil	Nil
Outgo	Nil	Nil

**25. REVIEW OF RISK MANAGEMENT POLICY ADOPTED BY THE COMPANY**

The Company in order to comply the provisions of the Companies Act, 2013 and provide an effective mechanism for implementing risk management system had adopted the policy on risk management for evaluating and monitoring various risks that could threaten the existence of the Company. The Company had not faced any major risks and no major deviations from the actuals as attained by the Company. The Audit committee has to review the policy periodically. The Board takes overall responsibility for the overall process of risk management in the organisation.

The Board shall take note of any future threats and shall report to the Company for formulating an effective mechanism and strategy.

**26. MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS**

There are no significant material orders passed by the Regulators or Courts or Tribunals which would have impact on the going concern status of the Company and its future operation.

**27. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

**28. PREVENTION OF SEXUAL HARASSMENT**

The "Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is applicable to your Company.

Your Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 to prevent sexual harassment at work place. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, the Company has not received any complaints from the employees with regard to Sexual Harassment.

## 29. REPORT ON CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors Report and the Certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the listing agreement with the Bombay Stock Exchange is included in the Annual Report.

## 30. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis of the financial conditions including the result of the operations of the company for the year under review as required under clause 49 of the Listing Agreement is given as a separate statement in the Annual Report.

## 31. REMUNERATION POLICY:

The Nomination and Remuneration Committee (NRC) has formulated a policy relating to the remuneration of the directors, key managerial personnel and other employees. The philosophy for remuneration is based on the commitment of fostering a culture of leadership with trust. The remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies act, 2013 and Clause 49 of the listing agreement. While formulating this policy, the committee has considered the factors laid down in Section 178(4) of the Companies Act, 2013, which are as under:

- That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the remuneration policy are as follows:

- Market Competitiveness
- Role played by the individual
- Reflective of size of the company, complexity of the sector/industry/Company's operations and the Company's capacity to pay
- Consistent with recognised best practices and
- Aligned to any regulatory requirements.

In accordance with the policy, the Managing/Executive/KMPs/ employees are paid basic/fixed salary.

The non-executive Directors, including Independent directors are paid sitting fees for attending the meetings of the Board and committees of the Board.

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

The information required under Section 197 of the Companies act, 2013 read with rule 5(1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 has been attached as annexure.

### 32. COMMENTS ON QUALIFICATIONS MADE IN SECRETARIAL AUDIT REPORT

The Following qualifications were made in the secretarial audit report;

1. Non appointment of CFO
2. Non appointment of Internal Auditor

Board's reply;

1. The Company is in process of recruiting right candidate as CFO to adhere due compliance under the Act.
2. The Company is under process to appoint Internal Auditors to conduct internal audit of the functions and activities of the Company.

### 33. DETAILS OF EMPLOYEES DRAWING SALARY ABOVE PRESCRIBED LIMITS

There are no employees who are paid remuneration in excess of the limits specified under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration) Rules, 2014 as amended from time to time.

### 34. ACKNOWLEDGEMENTS

Your Director's wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Director's would also like to thank the employees, shareholders, customers, dealers, suppliers, bankers, Government and all other business associates for the continuous support given by them to the Company and their confidence in its management.

FOR AND ON BEHALF OF THE BOARD

Sd/-  
Managing Director

Sd/-  
Whole Time Director

Place : Chennai  
Date : 14.08.2015

## Annexure 1

FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31st March, 2015  
of  
RAINBOW FOUNDATIONS LIMITED

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

## I. REGISTRATION AND OTHER DETAILS:

CIN	L55101TN1994PLC027739
Registration Date	07/06/1994
Name of the Company	Rainbow Foundations Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	No. 4, Thanikachalam Road, T. Nagar, Chennai- 600017
Whether listed company Yes/ No	Yes
Name, Address and contact details of Registrar & Transfer Agents (RTA)	M/s Cameo Corporate Services Limited "Subramaniam Building", No.1, Club House Road, Chennai 600002 Telephone: 044 28460390

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1.	Construction of buildings carried out on own-account basis or on a fee or contract basis & Real estate activities with own or leased property	410 & 681	100%

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

Sl. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Nil	NA	NA	NA	NA

## VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
(a) Individual/HUF									
(b) Central Govt									
(c) State Govt (s)									
(d) Bodies Corp.									
(e) Banks / FI									
(f) Any Other....									
Sub-total(A)(1):-	1659896		1659896	30.11	1726996		1726996	31.33	1.22
2. Foreign									
(a) NRIs – Individuals									
(b) Other – Individuals									
(c) Bodies Corp.									
(d) Banks / FI									
(e) Any Other....									
Sub-total(A)(2):-									
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	1659896		1659896	30.11	1726996		1726996	31.33	1.22
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds									
(b) Banks / FI									
(c) Central Govt									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
(a) Bodies Corp.	692257	20500	712757	12.93	627549	20500	648049	11.75	-1.17
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	603285	321419	924704	16.77	602715	317919	920634	16.70	-0.07
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1687946	64000	1751946	31.78	1689946	64000	1753946	31.81	0.03
(c) Others (specify)									
(i) Hindu Undivided Families	463797		463797	8.41	463475		463475	84.1	
(ii) Non Resident Indians	929		929	0.02	929		929	0.02	
(iii) Clearing Member									
Sub-total (B)(2):-									
Total Public Shareholding (B) = (B)(1) + (B)(2)	3447285	405919	3853204	69.89	3383685	402419	3383685	68367	-1.22
C. Shares held by Custodian for GDRs & ADRs	5107181	405919	5513100	100	5110681	402419	5513100	100	
Grand Total (A + B + C)									

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share Holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Anopchand Jain	1,76,883	3.21	NIL	1,76,883	3.21	NIL	NIL
2	Navin Kumar Jain	1,67,519	3.04	NIL	1,68,519	3.06	NIL	0.02
3	Sarala Jain	1,22,191	2.22	NIL	1,22,191	2.22	NIL	NIL
4	N Anitha Jain	2,72,379	4.94	NIL	2,72,379	4.94	NIL	NIL
5	Anop Chand Jain	1,05,000	1.90	NIL	1,05,000	1.90	NIL	NIL
6	Vikash Kumar Jain	81,000	1.47	NIL	1,47,100	2.67	NIL	1.2
7	Sapna	2,00,824	3.64	NIL	2,00,824	3.64	NIL	NIL
8	Gajraj Jain	2,00,000	3.63	NIL	2,00,000	3.63	NIL	NIL
9	Ashish Jain	41,100	0.75	NIL	41,100	0.75	NIL	NIL
10	Lalitha Jain	66,000	1.20	NIL	66,000	1.20	NIL	NIL
11	Gajraj Jain HUF	75,000	1.36	NIL	75,000	1.36	NIL	NIL
12	Nitesh Jain	1,52,000	2.76	NIL	1,52,000	2.76	NIL	NIL

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Navin Kumar Jain					
	At the beginning of the year		1,67,519	3.04	1,68,519	3.06
	December 31, 2014	Transfer	1000	0.02	1,68,519	3.06
	At the end of the year				1,68,519	3.06
2	Vikash Kumar Jain					
	At the beginning of the year		81,000	1.47	1,47,100	2.67
	December 31, 2014	Transfer	66,100	1.2	1,47,100	2.67
	At the end of the year				1,47,100	2.67

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

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Suruchi Tie Up Private Limited					
	At the beginning of the year		23663	4.29	23663	4.29
	At the end of the year				23663	4.29
2	Arrowspace Advisors Private Limited					
	At the beginning of the year		201878	3.67	201878	3.67
	At the end of the year				201878	3.67
3	Dinesh Kumar Bora					
	At the beginning of the year		147000	2.67	147000	2.67
	At the end of the year				147000	2.67
4	ITI Financial Services Limited					
	At the beginning of the year		66100	1.2	66100	1.2
	December 31, 2014	Sale	66100	1.2		
	At the end of the year					
5	ITI Financial Services Limited					
	At the beginning of the year		1000	0.02	1000	0.02
	April 4, 2014	Purchase	2	0.0	1002	0.02
	September 26, 2014	Sale	2	0.0	1000	0.02
	December 31, 2014	Sale	1000	0.0	-	-
	At the end of the year		-	-	-	-
6	Rajgharana Housing Limited					
	At the beginning of the year		66000	1.2	66000	1.2
	At the end of the year				66000	1.2
7	Anil Bohra					
	At the beginning of the year		55746	1.01	55746	1.01
	At the end of the year				55746	1.01
8	Anil Bohra					
	At the beginning of the year		11000	0.2	11000	0.2
	At the end of the year				11000	0.2
9	Anupam Jain&Sons					
	At the beginning of the year		54000	0.98	54000	0.98
	At the end of the year				54000	0.98
10	J Madanchand Nahar					
	At the beginning of the year		53000	0.96	53000	0.96
	At the end of the year				53000	0.96



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

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Anopchand Jain					
	At the beginning of the year	176883	3.21	176883	3.21	
	At the end of the year			176883	3.21	
2	Gajraj Jain					
	At the beginning of the year	200000	3.63	200000	3.63	
	At the end of the year			200000	3.63	

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,68,16,830.75	45,09,01,392	Nil	54,77,18,222.75
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	9,68,16,830.75	45,09,01,392	Nil	54,77,18,222.75
Change in Indebtedness during the financial year				
• Addition (Net)	2,27,66,450.86	33,85,54,108	Nil	36,13,20,558.86
• Reduction				
Net Change	2,27,66,450.86	33,85,54,108	Nil	36,13,20,558.86
Indebtedness at the end of the financial year				
i) Principal Amount	11,95,83,281.61	78,94,55,500	Nil	90,90,38,781.61
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	11,95,83,281.61	78,94,55,500	Nil	90,90,38,781.61

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Gajraj Jain	Anop Chand Jain	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,80,000	7,80,000	7,80,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under			
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)			
	Ceiling as per the Act	42,00,000	42,00,000	64,00,000

## B. Remuneration to other directors:

## Annexure 1

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors <ul style="list-style-type: none"> <li>• Fee for attending board / committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
2.	Other Non-Executive Directors <ul style="list-style-type: none"> <li>• Fee for attending board / committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>					
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1 + 2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	2,16,000	Nil	2,16,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	NIL	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	2,16,000	Nil	2,16,000

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

## Annexure 2

## DIRECTORS' REPORT

The information pursuant to Section 197 of the Companies act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Particulars	Ratio to Median Remuneration
Mr. Anopchand Jain	3.82
Mr. Gajraj Jain	3.82

2. The percentage increase in remuneration of each Director, CFO in the Financial year:

Particulars	% Increase in remuneration
Mr. Anopchand Jain	8.33%
Mr. Gajraj Jain	8.33%

3. The percentage of increase in the Median remuneration of employees in the financial year was 25.93%.
4. The number of permanent employees on the rolls of the Company as on March 31, 2015 was 12.
5. The explanation on the relationship between average increase in remuneration and Company performance;  
The average increase in remuneration during Financial Year 2014-15 was 15.15% as compared with the previous year. During the year, the total revenue of the Company is INR.3231.21 lakhs as compared to the total revenue for the Financial Year 2013-14 INR. 1596.89. The Profit before Tax and Profit after Tax have declined by 22.64% and 26.70% respectively on a standalone basis.
6. Comparison of remuneration of Key Managerial Personnel against the performance of the Company:  
During Financial Year 2014-2015, the aggregate remuneration of Key Managerial Personnel increased from INR.16.35 Lakhs to INR.17.76 Lakhs, an increase of 8.62%. The performance of the Company during the financial year 2014-15 is detailed in point (iv) above. Key Managerial Personnel includes the Managing Director, Joint Managing Director and Company Secretary.
7. Variations in the Market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31st March, 2015	31st March, 2014	% Change
Market Capitalisation (Rs. In Lakhs)	788.37	522.64	50.84
Price Earning ratio	6.24	12.77	(51.13)%

8. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Particulars	31st March, 2015	Issue price at last IPO	% Change
Market Price(Rs.)	14.3	10	43%

9. Average percentile increase in the salaries of employees other than the managerial personnel during 2014-15 was 23%. The percentile increase in the managerial remuneration during the same period was 8.33%. The percentile increase in the managerial remuneration was on account of the variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.

10. Comparison of each remuneration of the Key managerial personnel against the performance of the Company:

Particulars	Mr. Anopchand Jain	Mr. Gajraj Jain
Remuneration	7,80,000	7,80,000
Total Revenue	32,31,21,435.72	
Remuneration as % of revenue	0.24	0.24

11. The key parameters for any variable component of remuneration availed by the directors;  
The Managing Director and Joint Managing Director are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
12. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.
13. Affirmation that the remuneration is as per the remuneration policy of the Company;  
The Company affirms that the remuneration is as per the remuneration policy of the Company.

## Annexure 3

## FORM NO. AOC -2

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

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

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

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

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Date of approval by the Board	NIL
f)	Amount paid as advances, if any	NIL

## Annexure 4

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To  
The Members,  
RAINBOW FOUNDATIONS LIMITED  
No. 4, Thanikachalam Road,  
T. Nagar, Chennai – 600017

Company No. : L55101TN1994PLC027739  
Authorized Capital : Rs. 12 Crores

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Rainbow Foundations Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Rainbow Foundations Limited for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *(Not applicable to the Company during the audit period)*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *(Not applicable to the Company during the audit period)*
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *(Not applicable to the Company during the audit period)*
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(Not applicable to the Company during the audit period)*

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not applicable to the Company during the audit period) and;*
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *(Not applicable to the Company during the audit period)*
- (vi) The Company has identified the following laws as specifically applicable to the Company;
- a) Various labour laws as applicable to the Company; and
  - b) Other applicable laws like Service Tax Act 1994 etc.,

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India. (Not applicable to the Company during the Audit period)
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extend as mentioned below:

The Company has not appointed a Chief Financial Officer (CFO) as required under Section 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Further the Company has also not appointed Internal Auditor as required under Section 138 of the Act read with Rule 13 of Companies (Accounts) Rules, 2014.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For JM & Associates,  
Company Secretaries

Soy Joseph  
Partner  
(ACS-13852, CP-5612)

Place : Chennai  
Date : 14.08.2015

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. ECONOMIC REVIEW:

#### Indian Economy

The Indian economy saw a bounce back from decadal lows. Data shows that GDP had grown by 5.5% in the first two quarters of the Financial Year 2015 (FY15). The Government has taken measures to boost spending by increasing the capex allocation towards infrastructure projects by reforms in the budget. The Government is also taking various initiatives to unlock stuck investments in the core and infrastructure projects, revive investments from the private sector by reforming policy environment, improving the ease of doing business and accelerating the project related approvals.

Since coming to power last year, the new government's main concern has been the revival of growth in the Indian economy and crucially enough, it has chosen to give the Industrial sector a structural push to achieve its goal. The government announced the 'Make in India' initiative, which intends to make manufacturing the engine of growth and also generate employment.

The real estate sector continued to face a challenging environment due to lacklustre demand scenario, various policy hurdles, delay in approval cycle, continued high borrowing costs both for industry and the consumer. The residential segment continues to witness a challenging environment amidst policy uncertainties, delay in project approval cycle and tepid demand scenario. However, select micro-markets primarily catering to the luxury/premium segment witnessed reasonable interest. Various reforms has been announced by the Government

The Union Budget 2015-16, 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

Financial Year 2014-2015 was a year of recovery and positive changes for the Indian economy. The real estate sector, however, continued to face challenges. Tight fiscal spend control by Government, combined with heightened real interest rates had an adverse impact on the savings ability of the population resulting in a continued slowdown in demand for housing and real estate for the second straight year. During the financial year, the slowdown in the real estate sector was more prominent in the NCR region, Kerala and the Western markets. Though the Bangalore market continued to be fairly resilient, the performance of the real estate sector on the whole has been subdued.

Inflation, high real interest rates, high risk weightage for loans to companies operating in the sector, non-availability of right priced working capital fund, employment growth, time lag during the approval process while launching a project, higher statutory levies, non-availability of skilled manpower, uncertainty of title continue to remain as challenges being faced by the Sector as a whole.

As long as the government's action plans focus on a progressive economy, we believe that the industry operations will revive in the near future. We hope that the government will focus on policies that will reduce the burden on real estate builders by accelerating the approval process, reducing the interest costs and taxes levied and controlling the inflationary pressure on inputs.

Several factors still continue to act as strong drivers for long term sustainable real estate demand like latent demand for homes, continued economic growth, trend towards nuclear families, young working population, rising disposable incomes, increased urbanisation, inherent desire to own a home etc.



## 2. OPERATIONAL REVIEW:

The Revenue of the Company for the year increased from Rs.1596.89 lakhs to Rs.3231.21 lakhs. The Company's net profit for the year was Rs 65.42 Lakhs (last year Rs. 83.87 lakhs). The Earning Per Share (EPS) for the year was Rs.1.19.

During the year, the company has completed three residential projects in Chennai and also the Company has three ongoing projects around Chennai by considering the prominent manufacturing centre and a thriving IT & financial services hub and among the top five contributors to the GDP.

## 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.
- ▶ 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.
- ▶ Lack of transparency in land dealings.
- ▶ Decrease in Investments in the last year.

## 4. RISKS AND CONCERN:

The Company is exposed to different types of risks such as credit risk, market risk (including liquidity risk and interest rate 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:

Your Company expects to continue to identify prudent land acquisition opportunities even as it intends to focus on the timely completion of its projects, despite of number of risks. Your company will be facing them with full zeal and will be able to overcome and withstand the risks enumerated envisaging future 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.

## 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 aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

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.

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

The Board of Directors along with its Committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company. As on notice date, the Board comprises 6 experts drawn from diverse fields/professions out of which 2 Directors are Executive Directors and 3 are Non-Executive Independent Director. The Board has one woman Director for complying with the provisions of Clause 49 of the Listing Agreement as well as the Companies Act, 2013. 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 164 (2) of the Companies Act 2013 read with rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

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.

During the year under review, eight Board Meetings were held on May 19, 2014, May 30, 2014, August 14, 2014, November 14, 2014, December 30, 2014, January 05, 2015, February 13, 2015 and March 23, 2015. The maximum time gap between two meetings has not exceeded 120 days. The composition of the Board of Directors and their attendance at the Board Meetings during the financial year and at the last Annual General Meeting and also the number of Directorships held by Directors is mentioned below:

Name of Director	Category of Director	Attendance Particulars		No. of Directorships in other bodies corporate*	No. of Chairmanship/ Membership of Board Committees in other Companies		No. of Equity Shares held
		Board Meetings	Last AGM		Chairman	Member	
Mr. Anopchand Jain	P/MD	8	Yes	1	Nil	Nil	1,76,883
Mr. Gajraj Jain	P/JMD	8	Yes	Nil	Nil	Nil	2,00,000
Mr. Mukesh Kumar M. Mehta	I/NED	8	Yes	Nil	Nil	Nil	631
Mr. P. M. Mothiram	I/NED	8	No	1	Nil	Nil	Nil
Mr. Sampatraj Singhvi	I/NED	8	Yes	Nil	Nil	Nil	27
Ms. Lakshmi Sreedhar	NED	1**	No	2	Nil	Nil	Nil

\* Does not include Private Companies, Unlimited Companies, Foreign Companies, and Section 8 Company

\*\* Ms. Lakshmi Sreedhar was appointed on March 23, 2015

#### Procedure of Board/Committee meeting

The agenda papers with relevant explanatory notes and material documents relating to matters for perusal of the Board/Committee are circulated in advance, so as to facilitate discussion and informed decision making in the meeting.

The routine business brought to the relevant meetings include, inter alia, the following:

- Annual business plans and budgets.
- Quarterly results and update on operations.
- Financial results for the relevant period along with limited review / audit report thereon.
- Minutes of various committee meetings of the Company.
- Shareholding pattern as per Clause 35 of the Listing Agreement.
- Statement of shareholder grievance received/ disposed during each quarter.

#### Directors' Tenure and Remuneration

During the year under review Mr. Anopchand. Jain, was re-appointed as the Managing Director of the Company for a term of five years commencing from June 7, 2014 upto June 6, 2019. He is being paid remuneration in accordance with the terms and conditions contained in the employment contract entered into with the Company.

Also, during the year under review Mr. Gajraj Jain has been reappointed as the Joint Managing Director for a period of five years commencing from January 1, 2015 and is paid remuneration as per the terms of his employment.

In order to comply with Section 149 of the Companies Act, 2013, the Company had appointed Ms. Lakshmi Sreedhar as the Woman director of the Company vide Board Meeting dated March 23, 2015.

There was change in designation from Director to Independent Director of Mr. Mukesh Kumar M. Mehta, Mr. P. M. Mothiram and Mr. Sampatraj Singhvi for a term of five years w.e.f. September 29, 2015.

The details of remuneration / compensation of the Executive and Non-Executive Directors for the year ended March 31, 2015 is as follows:

Name	Salary, Perquisites & Allowances	Sitting fees	Commission
Executive Directors			
Mr. Anopchand Jain	7,80,000	Nil	Nil
Mr. Gajraj Jain	7,80,000	Nil	Nil
Non- Executive Directors			
Mr. Mukesh Kumar M. Mehta	Nil	Nil	Nil
Mr. P. M. Mothiram	Nil	Nil	Nil
Mr. Sampatraj Singhvi	Nil	Nil	Nil
Ms. Lakshmi Sreedhar	Nil	Nil	Nil

#### Appointment/reappointment of Directors

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013, Mr. Anopchand Jain is liable to retire by rotation. The said Director has offered himself for re-appointment and resolution for his reappointment, is incorporated in the Notice of the ensuing Annual General Meeting.

Ms. Lakshmi Sreedhar has been appointed as an Additional Director on March 23, 2015 and in terms of Section 161(1) of the Companies Act, 2013 she shall hold office till the date of ensuing Annual General Meeting.

The brief profile and other information as required under Clause 49(VIII)(E) of the Listing Agreement relating to Mr. Anopchand Jain and Ms. Lakshmi Sreedhar forms part of the Notice of ensuing Annual General Meeting.

#### COMMITTEES OF THE BOARD

The Board has constituted a set of committees with specific terms of reference and scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The committees operate as empowered agents of the Board as per their terms of reference. The Company has following Committees namely:

#### AUDIT COMMITTEE

The Audit Committee has been constituted in line with the requirements of Section 177 of the Companies Act, 2013 & rules framed there under and the revised Clause 49 of the Listing Agreement with the Stock exchanges. The main objectives of Audit Committee is 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 re-orting.

#### Role of Audit Committee:

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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - 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.
  9. Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

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:

Sl.No.	Name of the Director	Category	No. of Meetings held	No. of Meetings 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. Sampatraj Singhvi	Non-Executive Independent Director	4	4

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

- May 30, 2014
- August 14, 2014
- November 14, 2014
- February 13, 2015

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreements with the Stock Exchanges. The Company also complies with the provisions of Section 177 of the Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014 pertaining to Audit Committee and its functioning.

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.

## NOMINATION & REMUNERATION COMMITTEE

During the year under review, the nomenclature of the Remuneration & Compensation Committee was renamed as "Nomination & Remuneration Committee" w.e.f. August 7, 2014 as required under the provisions of the Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

The Nomination & Remuneration Committee determines and recommends the remuneration payable to the Executive Directors. The Board of Directors approves the remuneration payable to the Executive Directors on the basis of their performance as well as the Company's performance, subject to consents as may be required.

The Chairman of the Nomination & Remuneration Committee will be present at the Annual General Meeting, to answer the shareholder queries.

Composition of the Nomination & Remuneration Committee and details of meetings attended by the Directors during the year is as follows:

Sl.No.	Name of the Director	Category	No. of Meetings held	No. of Meetings 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. Sampatraj Singhvi	Non Executive Independent Director	2	2

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

May 30, 2014 and December 30, 2014

## STAKEHOLDER'S RELATIONSHIP COMMITTEE

During the year under review, the nomenclature of the Shareholder's/Investors' Grievance Committee was renamed as "Stakeholder's Relationship Committee" in line with the provisions of the Section 178 of the Companies Act, 2013. The Committee redresses the complaints of the shareholders in respect of matters pertaining to transfer the shares, non-receipt of annual report, dematerialization of shares, non-receipt of declared dividend etc.

The Committee in addition to looking after shareholders and investors grievances also deals with transfer, transmission and transposition of shares.

The Committee had received 1 valid request for transfer of shares during the year. No request for transmission or transposition of shares was received and there was no compliant pending as on 31st March, 2015.

Composition of the Stakeholder's Relationship Committee and details of meeting at-attended by the Directors during the year under review

The Committee met 1 times during the year on February 23, 2015 and the following Directors attended the meetings.

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

## RESOLUTIONS PASSED BY CIRCULATION

The Board of directors have not passed any resolutions by way of circulation during the financial year ended on March 31, 2015.

## DETAILS OF ANNUAL GENERAL MEETINGS

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

Year	Date	Time	Venue	Number of Special Resolutions passed
2011-12	27/09/12	9.30 A.M	Registered office of the Company	Nil
2012-13	27/09/13	9.30 A.M	Registered office of the Company	Nil
2013-14	29/09/14	9.30 A.M	Registered office of the Company	1

- No Extra-Ordinary General Meeting and Court convened meeting of the members were held during the year.
- There are no ordinary or special resolutions that need to be passed by the shareholders through a postal ballot for the year ended March 31, 2015.

Details of special resolution(s) passed:

In the Annual General Meeting held on September 29, 2014 following special resolutions were passed:

- Re-appointment of Mr. Anopchand Jain as Managing Director for a period of 5 years.

## DISCLOSURES:

### A. Basis of related party transactions

The related party transactions of the Company under 184 (1) of the Companies Act 2013 during the financial year ended March 31, 2015 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.

## CODE OF CONDUCT

The Company has also adopted a Code of Conduct and Ethics (Code) for the members of Board of Directors and Senior Management Personnel of the Company. The essence of the Code is to conduct the business of the Company in an honest and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors and Senior Management Personnel have affirmed compliance with the Code, and a declaration to this effect, signed by the Managing Director is attached to this report.

## D. 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 had been complied with by the Company. The Company has constituted the Remuneration & Compensation Committee which is a non-mandatory requirement.

### IV. Vigil Mechanism Policy:

The company had adopted a Vigil Mechanism, which affords protection and confidentiality to Whistle Blowers against the illegal or unethical behavior. The Audit Committee Chairman is authorized to receive Protected Disclosure under this policy. The Audit Committee is also authorized to supervise the conduct of investigation of any disclosure made by Vigil Mechanism in accordance with policy.

No personnel have been denied access to the Audit Committee. As of March 31, 2015 no Protected Disclosure has 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.

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. Anopchand Jain, Managing Director retires at the ensuing Annual General Meeting and being eligible offer himself for reappointment for a further to comply with the provisions of the Companies Act, 2013. Also, Ms. Lakshmi Sreedhar shall be regularized at the ensuing Annual General Meeting.

Therefore, your Board recommends for their appointment and regularization.

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. Anopchand Jain and Mr. Gajraj 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 'Stakeholders' Relationship 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. Gajraj 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 September 30, 2015 at 9.30 a.m. at No.4, Thanikachalam Road, T. Nagar, Chennai - 17.

- a. Registered Office of the Company:  
New No.4, Thanikachalam Road, T.Nagar, Chennai - 600 017
- b. Compliance Officer:  
Mr. Gajraj Jain, Joint Managing Director of the Company has been appointed as Compliance Officer, for any clarification and to receive queries. Shareholders may contact Mr. Gajraj 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, 2015 to 31st March, 2016

Unaudited results for the quarter ending 30th June, 2015	Before August 14, 2015
Unaudited results for the quarter ending 30th September, 2015	Before November 14, 2015
Unaudited results for the quarter ending 31st December, 2015	Before February 14, 2015
Audited results for the financial year ending 31st March 2016	Before May 30, 2016

- d. Dividend Payment Date: No Dividend has been recommended.
- e. i) Listing on Stock Exchanges:  
The Company's Equity shares are listed on the Bombay Stock Exchange Ltd., in India:
- 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 2014-15:

Bombay Stock Exchange Ltd (in Rupees)		
Month	High	Low
April, 2014	10.29	9.80
May, 2014	10.00	10.00
June, 2014	10.20	9.69
July, 2014	10.67	10.17
August, 2014	11.50	11.00
September, 2014	13.00	12.07
October, 2014	14.16	13.46
November, 2014	15.31	13.00
December, 2014	16.30	13.65
January, 2015	14.75	14.30
February, 2015	No trading	No trading
March, 2015	No trading	No trading

## 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 92.70% (5110681 numbers of equity shares) of the shares have been dematerialised as on March 31, 2015. The ISIN of the Company is ISIN - INE230F01014.

## h. Share Transfer System

The Company has constituted a Share Transfer Committee, which considers and approves the transfer and transmission etc., of shares in physical mode. Physical shares received for dematerialization 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 regis-trars.

## i. 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

## j. 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

## k. 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.

## l. Distribution of Share Holding as on 31.03.2015

Share or debenture holding of nominal value of		Share / Debenture holders		Share / Debenture amount	
Rs. (1)	Rs.	Number (2)	% to total (3)	(In Rs.) (4)	% to total (5)
Upto	5,000	1403	74.0369	1583690	2.8725
5,001	10,000	232	12.2427	2147770	3.8957
10,001	20,000	80	4.2216	1335630	2.4226
20,001	30,000	22	1.1609	557400	1.0110
30,001	40,000	13	0.6860	487820	0.8848
40,001	50,000	23	1.2137	1075050	1.9499
50,001	1,00,000	36	1.8997	2966800	5.3813
1,00,001	and above	86	4.5382	44976840	81.5817
	Total	1895	100.00	55131000	100.00

## m. Shareholding Pattern as on 31.03.2015

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	1726996	1726996	31.33
	Sub Total (A) (1)	12	1726996	1726996	31.33
2.	Foreign				
	Sub Total (A) (2)	-	-	-	-
	Total shareholding promoter and promoter Group(A) = (A)(1) + (A)(2)	12	1726996	1726996	31.33
(B)	Public Shareholding				
(1)	Institutions	-	-	-	-
(2)	Non-Institutions				
(a)	Bodies Corporate	26	648050	627549	11.75
(b)	I. Individual shareholders Holding nominal share capital upto Rs. 1 Lakh	1733	920634	602715	16.70
	II. Individual shareholders Holding nominal share capital in excess of Rs. 1 Lakh	56	1753946	1689946	31.81
(c)	Any other				
	Hindu undivided families	66	462546	462546	8.41
	Non Resident Indians	2	929	929	0.02
	Total Public shareholding (B) = (B)(1) + (B)(2)	1883	3786104	3383685	68.67
	Grand Total (A) + (B)	1895	5513100	5110681	100.00

## n. 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.

## DECLARATION REGARDING COMPLIANCE OF COMPANY'S CODE OF CONDUCT

I, Gajraj Jain, Joint Managing Director of Rainbow Foundations Limited, to the best of my knowledge and belief, declare that all the Board Members and Senior Management Personnel affirmed compliance with the code of conduct of the Company for the financial year ended March 31, 2015.

Sd/-  
(Gajraj Jain)  
Joint Managing Director

Place: Chennai  
Date: 14.08.2015

## AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Rainbow Foundations Limited,

We have examined the compliance of conditions of Corporate Governance by Rainbow Foundations Limited, for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. 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 my information and according to the explanations given to us, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding 15 days against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the company nor the effectiveness with which the management has conducted the affairs of the Company.

PLACE: CHENNAI  
DATE: 29.05.2015

For JAIN BAFNA AND CO.  
(Chartered Accountants)  
Firm Reg No:010657 S

(S.MUTHU KUMAR)  
(Partner)  
Address: F-1, 58, Greams Road,  
Chennai 600 006  
Mem No: 209636

## CEO / CFO CERTIFICATION

To,  
The Board of Directors,  
Rainbow Foundations Limited  
Chennai.

Reg: Certification by CEO on the financial statements for the year 2014-2015.

We, Anopchand Jain and Gajraj Jain, Executive Directors of Rainbow Foundations Limited on the basis of the review of the financial statements and the cash flow statement for the financial year ended March 31, 2015 and to the best of our knowledge and belief, hereby certify that:-

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (iii) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended March 31, 2015 which are fraudulent, illegal or in violation of the company's code of conduct.
- (iv) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify these deficiencies.
- (v) We further certify that:
  - a) There have been no significant changes in internal control over financial reporting during the year;
  - b) There have been significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) There have been no instances of significant fraud of which we 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 and on behalf of the Board  
Rainbow Foundations Limited

Sd/-  
Anopchand Jain  
Managing Director

Sd/-  
Gajraj Jain  
Joint Managing Director

Place: Chennai  
Date: 14.08.2015

## 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, 2015 and the Statement of Profit and Loss, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles general accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its 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, 2015 ('the Order'), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

PLACE: CHENNAI  
DATE: 29.05.2015

For JAIN BAFNA AND CO.  
(Chartered Accountants)  
Firm Reg No:010657 S

(S.MUTHU KUMAR)  
(Partner)  
Address: F-1, 58, Greams Road,  
Chennai 600 006  
Mem No: 209636

## ANNEXURE TO THE AUDITORS REPORT

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 2015 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. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (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) According to the information and explanations given to us and in our opinion, the company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (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) According to the information and explanations given to us and in our opinion, the Company has not accepted any deposit within the meaning of the Provisions of Section 73 to 76 or any other relevant provisions of Companies Act and the rules framed thereunder. According to the information and explanation given to us, no order been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) In our opinion, and according to the information and explanations given to us, the company is not required to maintain cost records under Section 148 of the Companies Act.
- (vii)
  - a. According to the information and explanations given to us and in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and no dues for a period of more than six months from the date they became payable.
  - b. According to the information and explanation given to us, there are no dues of sale tax or wealth tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute. The particulars of Income Tax and Service Tax as at 31st March 2015 which have not been deposited on account of dispute are as follows:

Name of the Statute	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
Finance Act 1994 (Service Tax)	Service Tax & Penalty, Interest to be quantified till the date of actual payment	Rs. 29,71,557/-	2006-2007 to 2010-2011	The Commissioner of Central Excise (Appeals) Chennai

c. According to the information and explanations given to us and in our opinion, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

- (viii) In our opinion, and according to the information and explanations given to us, the company does not have any accumulated loss. The company has not incurred cash losses during the financial year and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution and banks, and there are no debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion, and according to the information and explanations given to us, the company has taken term loans from financial institutions and the term loans have been applied for the purpose for which loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

PLACE : CHENNAI  
DATE : 29.05.2015

For JAIN BAFNA & ASSOCIATES  
(Chartered Accountants)  
Firm Reg Number: 001226 S

(MUTHUKUMARS)  
(Partner)  
Address: F-1, 58, Greams Road,  
Chennai 600 006  
Mem No: 209636

## BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	3	5,51,31,000.00	5,51,31,000.00
(b) Reserves and Surplus	4	5,44,47,039.60	4,83,78,959.55
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	85,132.00	2,56,305.00
(b) Deferred Tax Liability (Net)	6	45,132.00	-
(b) Other Long term liabilities	7	4,13,68,932.00	8,95,87,487.00
(3) Current Liabilities			
(a) Short-term borrowings	8	90,89,44,312.61	54,74,61,917.75
(b) Trade payables	9	22,17,08,453.37	34,50,67,653.70
(c) Other current liabilities	10	63,94,202.00	35,12,331.50
(d) Short-term provisions	11	23,61,597.00	35,12,861.00
Total		1,29,04,85,800.58	1,09,29,08,515.50
<b>II. Assets</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	29,09,243.46	32,92,072.78
(b) Deferred tax assets (net)	13	-	3,50,153.00
(c) Long term loans and advances	14	8,26,398.00	8,23,898.00
(2) Current assets			
(a) Inventories	15	1,15,33,40,598.48	76,02,49,687.53
(b) Trade receivables	16	6,55,46,261.45	3,03,03,828.42
(c) Cash and cash equivalents	17	1,32,16,926.63	2,14,87,906.17
(d) Short-term loans and advances	18	5,07,47,710.00	27,20,15,982.00
(e) Other current assets	19	38,98,662.56	43,84,987.60
Total		1,29,04,85,800.58	1,09,29,08,515.50

"See accompanying Notes to the financial statements" 2

Place: Chennai

Date: 29/05/2015

For and on behalf of the Board

(Anopchand Jain)  
Managing Director

(P. Krishnasamy)  
Company Secretary

(Gajraj Jain)  
Joint Managing Director

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from operations	20	31,21,00,347.22	14,56,59,446.73
II. Other Income	21	1,10,21,088.50	1,40,29,071.30
III. Total Revenue (I + II)		32,31,21,435.72	15,96,88,518.03
IV. Expenses:			
Purchase of Stock-in-Trade	22	26,92,10,546.97	13,90,30,258.12
Changes in inventories of Stock-in-Trade	23	(1,01,01,097.02)	(2,47,66,162.94)
Employee benefit expense	24	36,51,219.50	31,65,336.00
Financial costs	25	4,58,21,358.04	2,60,29,141.12
Depreciation and amortization expense	12	3,79,245.00	6,34,242.00
Other expenses	26	44,73,992.18	30,74,243.23
Total Expenses		31,34,35,264.67	14,71,67,057.53
V. Profit before exceptional and extraordinary items and tax (III - IV)		96,86,171.05	1,25,21,460.50
VI. Exceptional Items (Profit after adjusting loss on sale of fixed asset)	-	-	-
VII. Profit before extraordinary items and tax (V - VI)		96,86,171.05	1,25,21,460.50
VIII. Extraordinary Items (prior period expenses)	-	-	-
IX. Profit before tax (VII - VIII)		96,86,171.05	1,25,21,460.50
X. Tax expense:			
(1) Current tax		31,43,289.00	41,43,913.00
(2) Deferred tax		3,95,285.00	(9,937.00)
XI. Profit(Loss) from the period from continuing operations (IX-X)		61,47,597.05	83,87,484.50
XII. Profit/(Loss) from discontinuing operations			
XIII. Tax expense of discontinuing operations			
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)	-	-	-
XV. Profit/(Loss) for the period (XII + XIV)		61,47,597.05	83,87,484.50
XVI. Earning per equity share:			
(1) Basic	27	1.12	1.52
(2) Diluted	28	1.12	1.52

"See accompanying Notes to the financial statements" 2

Place: Chennai

Date: 29/05/2015

For and on behalf of the Board

(Anopchand Jain)  
Managing Director

(P. Krishnasamy)  
Company Secretary

(Gajraj Jain)  
Joint Managing Director

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 India. 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 accompanying financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.
- b. All assets and liabilities have been classified as current or non-current as per the normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.
- c. Based on the nature of activities 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. Change in accounting policy

- a. Effective April 01, 2014, the Company has changed its method of providing depreciation on fixed assets from the 'Written down Value' method to the 'Straight Line' method, at the rates prescribed in Schedule II to the Companies Act, 2013. Management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits will be derived from the use of these assets. Accordingly, the Company has recognized a lesser depreciation charge of Rs. 3,33,684 for the current year.
- b. Had the Company continued to use the earlier method of depreciation, the profit before tax for the current year would have been lower by Rs. 3,33,684.

### 3. 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.

### 4. Fixed assets and depreciation

- a. Fixed assets (gross block) are stated at historical cost.
- b. Depreciation on assets is provided on Straight Line method. The Company has adopted depreciation rates as per the useful life specified in Schedule II of the Companies Act, 2013.
- 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.

### 5. Investments

- a. Investments are classified into current and non-current investments. Current investments are stated at the lower of cost and fair value. Non-current investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, separately for each individual non-current investment.

- b. Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as "Current investments".
  - c. All other investments are classified as "Non-current investments".
6. 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.
7. 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.
8. 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
9. Interest from customers under agreements to sell
- a. Interest from customers under agreements to sell/construction is accounted for on actual receipt. (Cash basis.)
10. 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.

#### 11. 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.

#### 12. 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.

#### 13. 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.

#### 14. 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.

#### 15. 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.

#### 16. 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

No	Particulars	As at 31 Mar 2015		As at 31 Mar 2014	
		Number	Amount	Number	Amount
3	SHARE CAPITAL				
	Authorised Capital Equity Shares of Rs. 10 each	1,20,00,000	12,00,00,000.00	1,20,00,000	12,00,00,000.00
	Total	1,20,00,000	12,00,00,000.00	1,20,00,000	12,00,00,000.00
	Issued, Subscribed and fully paid up Share Capital Equity Shares of Rs. 10 each	55,13,100	5,51,31,000.00	55,13,100	5,51,31,000.00
	Total	55,13,100	5,51,31,000.00	55,13,100	5,51,31,000.00
	Total taken to Balance Sheet		5,51,31,000.00		5,51,31,000.00
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	55,13,100	5,51,31,000.00	55,13,100	5,51,31,000.00
	Shares Issued during the year	-	-	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	55,13,100	5,51,31,000.00	55,13,100	5,51,31,000.00
3.2	RIGHTS PREFERENCES AND RESTRICTIONS ATTACHED TO SHARES				
	The company has only one class of equity shares 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 2015		As at 31 Mar 2014	
4.1	General Reserve				
	Opening balance		1,08,063.44		1,08,063.44
	Add: Current year surplus		-		-
	Closing Balance		1,08,063.44		1,08,063.44
	Shares Forfeited				
	Opening balance		19,84,500.00		19,84,500.00
	Add: Current year surplus		-		-
	Closing Balance		19,84,500.00		19,84,500.00
	Surplus from Profit & Loss account				
	Opening balance		4,62,86,396.11		3,78,98,911.61
	Add: Current year surplus		61,47,597.05		83,87,484.50
	Less: Adjustment for useful life of assets		79,517.00		
	Closing Balance		5,23,54,476.16		4,62,86,396.11
	Total taken to Balance Sheet		5,44,47,039.60		4,83,78,959.55

5	Long-term borrowings	As at 31 Mar 2015	As at 31 Mar 2014
5.1	Secured From NBFC	85,132.00	2,56,305.00
	Total taken to Balance Sheet	85,132.00	2,56,305.00
a	Secured by hypothecation of Vehicles held by the company		
6	Deferred Tax Liability (Net)		
	The composition of Deferred Tax Liability relating to timing difference on account of depreciation	45,132.00	-
		45,132.00	-
7	Other Long term liabilities		
7.1	Trade Payables Trade Payables	4,13,68,932.00	8,95,87,487.00
	Total taken to Balance Sheet	4,13,68,932.00	8,95,87,487.00
8	Short Term Borrowings		
8.1	Secured Borrowings Loans repayable on Demand From Banks From NBFC	8,10,91,609.61 3,84,06,540.00	9,64,19,521.75 1,41,004.00
8.2	Unsecured Indian Rupee Borrowings Loans repayable on Demand From related parties From other Parties	23,09,61,694.00 55,84,84,469.00	17,66,00,000.00 27,43,01,392.00
	Total taken to Balance Sheet	90,89,44,312.61	54,74,61,917.75
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	Details of Security for Secured Loan from NBFC		
	Hypothecation of Vehicles Owned by the company	1,66,443.00	1,41,004.00
	Mortgage of 26 flats in the Project Rainbow Paradise being developed by the company	3,82,40,097.00	-
d	Refer to Note 29 for related party disclosures		
9	Trade Payables Trade Payables	22,17,08,453.37 22,17,08,453.37	34,50,67,653.70 34,50,67,653.70
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 31/03/2015. 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.		

10	Other Current Liabilities	As at 31 Mar 2015	As at 31 Mar 2014
10.1	Others		
	Expense Payable	1,12,500.00	6,02,346.50
	Sales Tax Payable	2,22,000.00	1,48,000.00
	Rental Deposit	4,95,000.00	3,45,000.00
	TDS Payable	55,64,702.00	24,16,985.00
	Total taken to Balance Sheet	63,94,202.00	35,12,331.50
11	Short-term provisions		
11.1	Provision for income tax	23,61,597.00	35,12,861.00
	Total taken to Balance Sheet	23,61,597.00	35,12,861.00
13	Deferred Tax Asset(Net) The composition of Deferred Tax Asset relating to timing difference on account of depreciation	-	3,50,153.00
		-	3,50,153.00
14	Long term loans and advances		
14.1	Other Loans and Advances		
	Unsecured Considered Good		
	Sales Tax Recoverable	3,05,800.00	3,05,800.00
	Rental Deposit	3,45,000.00	3,45,000.00
	Electricity Deposit	19,630.00	19,630.00
	Telephone Deposit	50,974.00	48,474.00
	Other Deposits	12,500.00	12,500.00
	TDS Recoverable	92,494.00	92,494.00
	Total taken to Balance Sheet	8,26,398.00	8,23,898.00
15	Inventories		
15.1	Work in progress	1,09,57,31,728.58	71,27,41,914.65
15.2	Stock in trade - Finished Flats	5,76,08,869.90	4,75,07,772.88
	Total taken to Balance Sheet	1,15,33,40,598.48	76,02,49,687.53
	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		
16	Trade receivables		
16.1	Trade receivables outstanding for (Considered good and unsecured)		
	more than 6 months	92,11,700.47	2,32,67,259.42
	others	5,63,34,560.98	70,36,569.00
	Total taken to Balance Sheet	6,55,46,261.45	3,03,03,828.42

17	Cash and cash equivalents	As at 31 Mar 2015	As at 31 Mar 2014
17.1	Balance with banks in current account	12,09,923.46	87,81,297.50
17.2	Cash in hand	6,49,701.17	20,30,963.67
17.3	Other Bank Balances: in Deposit account (Maturity on 31/03/2015)	1,13,57,302.00	1,06,75,645.00
	Total taken to Balance Sheet	1,32,16,926.63	2,14,87,906.17
a) Bank deposits have been given as security for the secured loan from a Bank as disclosed in Note 8.1			
18	Short-term loans and advances		
	Other Loans and Advances		
	Unsecured - Considered Good		
	Staff Advances	59,100.00	71,500.00
	Advance to Suppliers	11,48,416.00	
	Interest Receivable	7,01,096.00	7,14,865.00
	Loans	4,88,39,098.00	27,12,29,617.00
	Total taken to Balance Sheet	5,07,47,710.00	27,20,15,982.00
19	Other current assets		
	Service Tax Recoverable	38,01,246.56	43,00,185.60
	Income Tax Refundable	18,978.00	18,978.00
	Prepaid Expenses	19,897.00	34,135.00
	TDS Receivable	113.00	1,351.00
	Rent Receivable	58,428.00	30,338.00
	Total taken to Balance Sheet	38,98,662.56	43,84,987.60

Place: Chennai  
Date: 29/05/2015

For and on behalf of the Board

(Anopchand Jain)  
Managing Director

(P. Krishnasamy)  
Company Secretary

(Gajraj Jain)  
Joint Managing Director

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

20	Revenue from operations	As at 31 Mar 2015	As at 31 Mar 2014
20.1	Sale of		
	Commercial Complex	17,35,000.00	6,00,000.00
	Flats/Houses/Shops	14,49,60,347.22	12,25,08,346.73
	Plots/Land / UDS Land	16,54,05,000.00	2,25,51,100.00
	Total	31,21,00,347.22	14,56,59,446.73
21	Other Income		
21.1	Interest Income	76,51,899.00	1,27,04,091.52
	Other Non Operating Income		
	Rental Income	4,46,500.00	3,03,667.00
	Profit on Sale of Asset	-	10,21,309.78
	Tender Document Charges	3,500.00	
	Sundry Written Off	29,19,189.50	3.00
	Total	1,10,21,088.50	1,40,29,071.30
22	Purchase of Stock-in-Trade		
22.1	Cost of		
	Commercial Complex	18,17,762.45	2,19,172.99
	Flats/Houses/Shops	10,75,56,241.28	12,27,81,960.13
	Plots/Land / UDS Land	15,98,36,543.24	1,60,29,125.00
	Total	26,92,10,546.97	13,90,30,258.12
23	Changes in inventories of Stock-in-Trade		
	Opening Balance	4,75,07,772.88	2,27,41,609.94
	Less: Closing Balance	5,76,08,869.90	4,75,07,772.88
	Total	(1,01,01,097.02)	(2,47,66,162.94)
24	Employee benefit expense		
	Salaries & Wages	35,80,786.00	31,03,000.00
	Staff Welfare Expenses	70,433.50	62,336.00
	Total	36,51,219.50	31,65,336.00
	a Refer to Note 29 for related party disclosures		
25	Financial costs		
	Interest Expenses	4,55,03,881.00	2,57,16,352.52
	Interest on TDS	9,922.00	26,896.00
	Other borrowing costs	3,07,555.04	2,85,892.60
	Total	4,58,21,358.04	2,60,29,141.12
	a Refer to Note 29 for related party disclosures		

26	Other Expenses	As at 31 Mar 2015	As at 31 Mar 2014
26.01	Payment to Auditors		
	for Audit	75,000.00	75,000.00
	for Tax Representations	50,000.00	50,000.00
	for Reimbursement of expenses	772.00	2,840.00
26.02	Electricity Charges	54,689.00	61,873.00
26.03	Rent	4,31,500.00	4,11,200.00
26.04	Repairs to buildings	2,92,519.00	4,80,559.00
26.05	Repairs to machinery	54,932.00	29,890.00
26.06	Insurance	91,413.26	78,154.45
26.07	Rates & Taxes	5,14,245.10	-
26.08	Compensation paid	10,00,000.00	-
26.09	Sales Promotion	93,496.00	2,13,768.00
26.10	Telephone Expenses	1,35,654.11	1,47,862.80
26.11	Travelling Expenses	1,39,771.69	2,10,489.02
26.12	Vehicle Maintenance	6,77,211.45	7,76,624.31
26.13	Listing Fee	1,49,000.00	69,000.00
26.14	Professional Charges	4,62,618.00	1,62,286.00
26.15	Conveyance Charges	70,388.00	64,244.00
26.16	Donation	-	51,000.00
26.17	Miscellaneous expenses	1,80,782.57	1,89,452.65
	Total	44,73,992.18	30,74,243.23
27	Earnings per Equity Share - Basic		
	Net profit / (loss) for the year from continuing operations	61,47,597.05	83,87,484.50
	Weighted average number of equity shares	55,13,100.00	55,13,100.00
	Earnings per share from continuing operations - Basic	1.12	1.52
28	Earnings per Equity Share - Diluted		
	Net profit / (loss) for the year from continuing operations	61,47,597.05	83,87,484.50
	Weighted average number of equity shares	55,13,100.00	55,13,100.00
	Earnings per share from continuing operations - Diluted	1.12	1.52

Place: Chennai

Date: 29/05/2015

For and on behalf of the Board

(Anopchand Jain)  
Managing Director(P. Krishnasamy)  
Company Secretary(Gajraj Jain)  
Joint Managing Director

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

No.	Description of relationship		Name(s) of related partie(s)		
29	Key Management Personnel (KMP)	1	Anoop Chand Jain - Managing Director		
		2	Gajraj Jain - Joint Managing Director		
29.1	Related Party Transaction		31-03-2015	31-03-2014	
	Unsecured Loan - Taken Anop Chand Jain Gajraj Jain Total	1	2,19,00,000.00	1,72,00,000.00	
		2	20,90,61,694.00	15,94,00,000.00	
			23,09,61,694.00	17,66,00,000.00	
	Salary				
	Anoop Chand Jain Gajraj Jain Total	1	7,80,000.00	7,20,000.00	
		2	7,80,000.00	7,20,000.00	
			15,60,000.00	14,40,000.00	
	Interest Gajraj Jain Total	1	2,05,40,767.00	82,65,288.00	
			2,05,40,767.00	82,65,288.00	
	30	Notes have been rearranged and regrouped wherever necessary.			

Place: Chennai

Date: 29/05/2015

For and on behalf of the Board

(Anopchand Jain)  
Managing Director(P. Krishnasamy)  
Company Secretary(Gajraj Jain)  
Joint Managing Director

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

## FIXED ASSETS

12	Tangible asset	Gross Value				Depreciation				Closing balance	
		Opening balance	Additions	Deletions	Total	upto 31/03/2014	Current Year	Adj on useful life	upto 31/03/2015	upto 31/03/2015	as on 31/03/2014
12.1	Building	25,49,310.69			25,49,310.69	12,96,262.91	11,460.00		13,07,722.91	12,41,587.78	12,53,047.78
12.2	Office Equipments	7,55,888.00	67,282.68		8,23,170.68	5,91,596.00	37,488.00	45,206.00	6,74,290.00	1,48,880.68	1,64,292.00
12.3	General Plant & Machinery	1,10,000.00			1,10,000.00	79,899.00	4,018.00		83,917.00	26,083.00	30,101.00
12.4	Electrical Installation	15,072.00	2,150.00		17,222.00	9,628.00	1,474.00		11,102.00	6,120.00	5,444.00
12.5	Furniture & Fixtures	4,29,052.07			4,29,052.07	3,29,839.07	16,090.00	193.00	3,46,122.07	82,930.00	99,213.00
12.6	Vehicles	53,24,096.00			53,24,096.00	36,23,115.00	2,85,067.00	30,653.00	39,38,835.00	13,85,261.00	17,00,981.00
12.7	Computers	3,91,418.00	6,500.00		3,97,918.00	3,52,424.00	23,648.00	3,465.00	3,79,537.00	18,381.00	38,994.00
	Total	95,74,836.76	75,932.68	-	96,50,769.44	62,82,763.98	3,79,245.00	79,517.00	67,41,525.98	29,09,243.46	32,92,072.78
		-				-					-
	Figures for the previous year	95,84,473.98	6,40,437.00	6,50,074.22	95,74,836.76	58,19,905.98	6,34,242.00	1,71,384.00	62,82,763.98	32,92,072.78	37,64,568



## CASH FLOW STATEMENT

		2014-2015 (Amount in Rs. Thousands)		2013-2014 (Amount in Rs. Thousands)	
A.	Cash Flow from Operating Activities				
a.	Net Profit before taxation and extraordinary items		9,686.17		12,521.46
b.	Adjustments for:				
	Depreciation	379.25		634.24	
	Interest income	(7,651.90)		(12,704.09)	
	Liabilities/Provisions written back				
	(Profit)/Loss on sale of fixed assets	-		(1,021.31)	
	Interest expense(net)	45,513.80	38,241.15	25,743.25	12,652.09
c.	Operating Profit before working capital changes		47,927.32		25,173.55
	i. (Increase)/Decrease in sundry debtors	(35,242.43)		2,091.50	
	ii. (Increase)/Decrease in inventories	(3,93,090.91)		(1,73,989.72)	
	iii. Increase/(Decrease) in current liabilities	(1,68,705.22)		(1,08,583.87)	
	iv. (Increase)/Decrease in loans and advances	2,21,268.29		(1,28,857.65)	
	v. (Increase)/Decrease in other current assets	483.85		571.84	
	Total		(3,75,286.42)		(4,08,767.90)
d.	Cash generated from operations		(3,27,359.10)		(3,83,594.35)
e.	Income Taxes paid net of refund		(4,294.6)		(2,676.72)
f.	Net Cash from operating activities		(3,31,653.71)		(3,86,271.07)
B.	Cash Flow from Investing Activities				
a.	Purchase of Fixed assets	(75.93)		(640.44)	
b.	Proceeds from sale of asset	-		1,500.00	
c.	Advances to subsidiaries/ firms	-		-	
d.	Purchase of investments	-		-	
e.	Interest received	7,651.90		12,704.09	
f.	Net Cash from investing activities		7,575.97		13,563.65
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	(15,327.91)		36,364.35	
e.	Net increase/(decrease) in other borrowings	3,76,648.47		3,74,537.97	
f.	Interest paid	(45,513.80)		(25,743.25)	
g.	Net Cash from financing activities		3,15,806.76		3,85,159.07
	Net increase in cash and cash equivalents (A + B + C)		(8,270.98)		12,451.65
	Cash and cash equivalents at the beginning of the period		21,487.91		9,036.26
	Cash and cash equivalents at the end of the period		13,216.93		21,487.91

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

Place: Chennai

As per our report of even date attached

Date: 29/05/2015

For and on behalf of the Board

for JAIN BAFNA AND CO  
Firm Reg No: 010657 S  
(Chartered Accountants)

(Anopchand Jain)  
Managing Director

(Gajraj Jain)  
Joint Managing Director

(S Muthukumar)  
Partner  
Membership No: 209636

(P. Krishnasamy)  
Company Secretary

CIN:  
 Name of the company:  
 Registered office:

L55101TN1994PLC027739  
 RAINBOW FOUNDATIONS LIMITED  
 No.4, Thanikachalam Road, T. Nagar,  
 Chennai, Tamilnadu - 600 017

**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 21st Annual General Meeting at the Registered office of the Company situated at No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017 at 9.30 a.m Wednesday, September 30, 2015.

Folio No. ....

DP ID No. ....

Client ID No. ....

Name of the Member ..... Signature.....

Name of Proxy . .... Signature.....

1. Only Member/Proxyholder can attend the meeting.
2. Member/Proxyholder should bring his/her copy of the annual report for reference at the meeting.

FORM NO. MGT-11  
PROXY FORM

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

CIN: L55101TN1994PLC027739  
 Name of the company: RAINBOW FOUNDATIONS LIMITED  
 Registered office: No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No/ Client Id:	
DP ID:	

I/We, being the member (s) of \_\_\_\_\_ shares of Rainbow Foundations Limited, hereby appoint:

- Name: .....E-mail Id .....

Address: .....

Signature: \_\_\_\_\_, or failing him / her
- Name: .....E-mail Id .....

Address: .....

Signature: \_\_\_\_\_, or failing him / her
- Name: .....E-mail Id .....

Address: .....

Signature: \_\_\_\_\_, or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual ordinary General Meeting of the Company, to be held on Wednesday, September 30, 2015 at 9.30 A.M at No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

SI No.	Description of resolution	Type of Resolution	For	Against
1	To receive, consider and adopt the Financial Statements of the Company for the Financial Year ended on 31st March, 2015 and the reports of the Board of Directors and Auditors thereon	Ordinary		
2	To appoint a Director in place of Mr. Anopchand Jain (DIN: 02215110), who retires by rotation and being eligible, offers himself for re-appointment	Ordinary		
3	Re-Appointment of Auditors	Ordinary		
4	Re-Appointment of Mr. Gajraj Jain (DIN: 01182117) as Joint Managing Director	Special		
5	Regularization of Ms. Lakshmi Sreedhar (DIN: 00636082) as Director of the Company	Ordinary		
6	Investment of funds of the Company	Ordinary		

Signed this \_\_\_\_\_ day of September 2015

Signature of shareholder

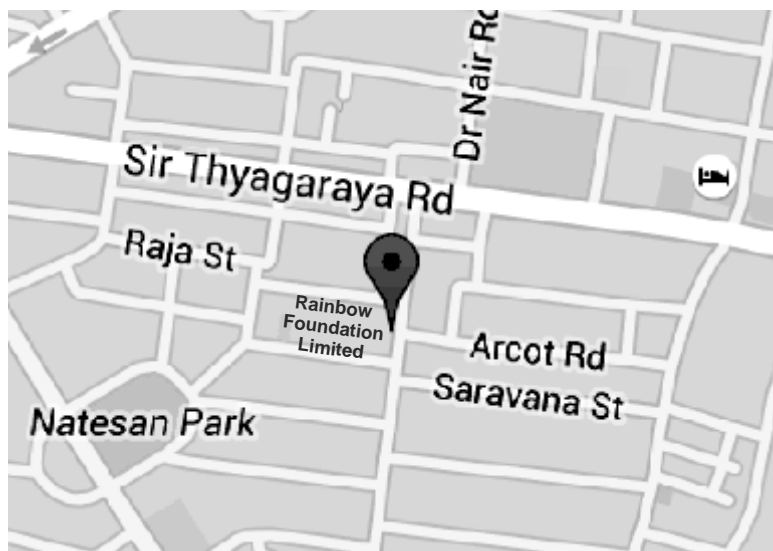
Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

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

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.