

# RAINBOW DENIM LTD.

CIN: L18101PB1999PLC022452  
51-52, Free Press House  
215, Nariman Point,  
Mumbai - 400 021. India  
Te. : +91-22-22833355, 22834182  
Fax : +91-22-22049946  
Email : rainbow@rainbowdenim.com  
Website : www.rainbowdenim.com

Ref : RDL/PJ/327  
Date : September 27, 2018

To,

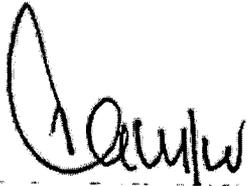
Bombay Stock Exchange Limited  
**Corporate Relationship Department**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
MUMBAI : 400 001

Name of the Company : **RAINBOW DENIM LIMITED**  
BSE Scrip Code : **532441**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report for the Financial Year 2017 - 2018 which was approved and adopted at the Annual General Meeting held on 18/09/2018.

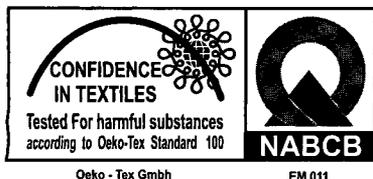
Kindly take the same on your record.

Yours faithfully,  
**For RAINBOW DENIM LIMITED**



**H. D. RAMSINGHANI**  
**CHAIRMAN**  
**DIN : 00035416**

Encl : a/a



Regd. Office & Factory : Village Chaundheri, P.O. Dapper,  
Near Lalru, Ambala-Chandigarh Highway, Dist. Mohali,  
Punjab, 140506 (India)  
Tel. : +91 - 1762 - 248810 / 11 / 12 / 248295 / 248296  
Fax : +91 - 1762 - 248761 / 248809  
Email : rainbow@rainbowdenim.com



The logo features a stylized blue 'R' with a horizontal line extending to the right, underlining the word 'RAINBOW'.

**RAINBOW**  
**DENIM LTD.**

**NINETEENTH ANNUAL REPORT 2017-2018**

**BOARD OF DIRECTORS**

**CHAIRMAN**

**MR H. D. RAMSINGHANI**

**WHOLE TIME DIRECTOR**

**MR S. S. ARORA**

**DIRECTORS**

**MR. D. N. SINGH**

**MR. R. G. KULKARNI**

**MR. N. R. JOSHI (Upto 02.08.2018)**

**AUDITORS**

**KHANDELWAL & MEHTA LLP**

**CHARTERED ACCOUNTANTS**

**REGISTERED OFFICE & WORKS**

VILLAGE CHAUNDHERI,  
P O DAPPAR, TEHSIL DERABASSI,  
DIST MOHALI, PUNJAB 140506

CIN: L18101PB1999PLC022452

Email: [rainbow@rainbowdenim.com](mailto:rainbow@rainbowdenim.com)

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

Tel: 01762- 248810/11/12;

Fax : 01762-248761/248809

**CORPORATE OFFICE**

51/52, FREE PRESS HOUSE,  
FREE PRESS JOURNAL MARG,  
NARIMAN POINT,  
MUMBAI 400021,

Email : [cs@rainbowdenim.com](mailto:cs@rainbowdenim.com)

Tel. No. (91-22) 2283 3355 / 2283 4182

Fax : (91-22) 2204 9946

**REGISTRARS & TRANSFER AGENT**

LINK INTIME INDIA PVT.LTD.

C-101, 247 PARK, L. B. S MARG,  
VIKHROLI (WEST), MUMBAI 400 078

TEL : 91-22-49186000

FAX : 91-22-49186060

EMAIL: [rnt.helpdesk@linktime.co.in](mailto:rnt.helpdesk@linktime.co.in)

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

**NOTICE**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of RAINBOW DENIM LIMITED will be held on Tuesday the 18<sup>th</sup> day of September 2018, at 10.00 a. m. at the Registered Office of the Company at Village Chaundheri, P O Dappar, Tehsil Derabassi, District Mohali, Punjab 140506 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2018 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H D Ramsinghani (DIN 00035416) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s Khandelwal & Mehta LLP, Chartered Accountants (Registration Number W100084) as the Statutory Auditors and to consider, and if thought fit, to pass with or without modification, the following Resolution, as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 (2) and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under including any statutory modification or re enactment thereof for the time being in force M/s Khandelwal & Mehta LLP, Chartered Accountants, Mumbai (Registration Number W100084) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the 24<sup>th</sup> Annual General Meeting on such remuneration as may be finalized by the Board of Directors of the Company on the recommendations of the Audit Committee.”

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification, as an Ordinary Resolution the following :

“RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re enactments thereof for the time being in force) M/s. Pawan & Associates (Registration No. 101729) appointed by the Board of Directors as Cost Auditor for audit of cost records for the financial year 2018-19 be paid a remuneration of ₹ 35,000/- plus applicable taxes and reimbursement of out of pocket expenses.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to the above resolution.”

5. To consider and if thought fit, to pass, with or without modification, as a Special Resolution the following :

“RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable provisions if any, consent of members of the Company be and it is hereby accorded for continuation of Directorship of Shri D N Singh (DIN 00021741) , who was appointed as Independent Director of the Company for a period of 5 years at the 15<sup>th</sup> Annual General Meeting of the Company held on September 19, 2014 till conclusion of 20<sup>th</sup> Annual General Meeting by way of special resolution and who has attained the age of 75 years, for the remaining period of his existing term of Directorship as an Independent Director of the Company.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

**NOTES**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business specified in the Notice is annexed thereto.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 11<sup>th</sup> day of September, 2018 to Tuesday the 18<sup>th</sup> day of September, 2018 (both days inclusive).
4. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public Holidays from 11.00 am to 1.00 pm up to the date of the meeting.
5. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at the Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
6. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
7. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.
8. The Company is pleased to provide e-voting facility through Central Depository Services (India) Limited (CDSL) to enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice dated July 20, 2018 for the 19<sup>th</sup> Annual General Meeting of the Company.

#### **e-Voting instructions**

The instructions for members for voting electronically are as under ;

- (I) The voting period begins on 15/09/2018 at 9.00 am and ends on 17/09/2018 at 5.00 pm. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 11, 2018, 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.

#### **(II) Procedure :**

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

(i) Click on Shareholders.

(ii) Now Enter your User ID

a. For CDSL-16 digit beneficiary ID,

b. For NSDL-8 Character DP ID followed by 8 Digit Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iii) Next enter the Image Verification as displayed and Click on Login.

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

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

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

- (v) After entering these details appropriately, click on “SUBMIT” tab.
- (vi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (ix) 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.
- (x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xi) 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.
- (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xiv) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xv) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xvi) Note for Non – Individual Shareholders and Custodians.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(III) The Company has appointed Mr Ajay K Arora, Practicing Company Secretary (Membership Number FCS 2191) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(IV) The results shall be declared after the Annual General Meeting. The results along with the Scrutinizer's report shall be placed on the website of the Company and also communicated to the Stock Exchange.

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

By Order of the Board  
**For RAINBOW DENIM LTD.**

**H. D. RAMSINGHANI**  
**CHAIRMAN**  
**DIN : 00035416**

Place : Mumbai  
Dated : July 20, 2018

Regd Office : Village Chaundheri  
PO Dappar, Tehsil Derabassi,  
District Mohali, Punjab 140506  
Tel : 91-1762-248810  
Fax : 91-1762-248809  
CIN : L18101PB1999PLC022452  
Email: [rainbow@rainbowdenim.com](mailto:rainbow@rainbowdenim.com)  
Website: [www.rainbowdenim.com](http://www.rainbowdenim.com)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 WITH REFERENCE TO THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY.**

**ITEM NO. 4**

The Board on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. Pawan & Associates (Registration No. 101729) as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors / Key managerial Personnel of the Company / their relatives are, in any way, concerned or interested financially or otherwise, in this resolution.

**ITEM NO. 5**

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on June 7, 2018 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Shri D.N. Singh who was appointed as an Independent Director of the Company at the 15th Annual General Meeting of the Company held on September 18, 2014 for a period of five years by way of special resolution has attained the age of 75 years.

The experience and valuable guidance of the above mentioned Independent Director is beneficial to the Company.

The Board recommends the resolution for approval of shareholders by way of special resolution.

Except the above Director, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Board  
**For RAINBOW DENIM LTD.**

Place : Mumbai  
Dated : July 20, 2018

**H. D. RAMSINGHANI**  
**CHAIRMAN**  
**DIN : 00035416**

Regd Office : Village Chaundheri  
PO Dappar, Tehsil Derabassi,  
District Mohali, Punjab 140506  
Tel : 91-1762-248810  
Fax : 91-1762-248809  
CIN : L18101PB1999PLC022452  
Email:rainbow@rainbowdenim.com  
Website:www.rainbowdenim.com

**INFORMATION PURSUANT TO SEBI (LODR) REGULATIONS, 2015**

As required under the SEBI (LODR) Regulations, 2015, the particulars of Director who are proposed to be appointed/ reappointed at the forthcoming Annual General Meeting are as follows ;

**Reappointment**

Mr. H. D. Ramsinghani retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr. H. D. Ramsinghani has done his Post Graduation in Management from USA and has over 34 years of rich and varied experience in the field of Textiles, Petrochemicals and Fertilizers.

Mr. H. D. Ramsinghani has been associated with the Company from its incorporation and was the Managing Director of the Company up to May 31, 2017 and holds eight shares of the Company.

He is the Chairman and Managing Director of Rainbow Agri Industries Limited and the Managing Director of Rama Phosphates Limited. He is also a Director of Rama Petrochemicals Ltd, Rama Industries Ltd and Nova Gelicon Pvt. Ltd. He is a Committee Member / Chairman in the following Companies:

<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Designation</b>
Rainbow Denim Ltd	Stakeholders Committee Audit Committee	Member
Rama Phosphates Ltd	Stakeholders Committee Audit Committee	Member Member
Rama Industries Ltd	Audit Committee	Member
Rama Petrochemicals Ltd	Stakeholders Committee	Member

**DIRECTORS REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS**

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2018.

**FINANCIAL RESULTS**

(₹ in Lacs)

	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017
Profit/(Loss) before Depreciation	(289.25)	(596.12)
Depreciation	226.83	305.44
Profit/(Loss) after Depreciation	(516.08)	(901.56)
Profit/(Loss) before Tax	(516.08)	(901.56)
Tax expenses	Nil	Nil
Net Profit/(Loss) for the year	(516.08)	(901.56)

**BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR AND THE STATE OF COMPANY'S AFFAIRS**

The total production of Denim fabric during the year under review was 107.05 million meters as compared to 117.18 million meters during the previous year. The Company has achieved a sales turnover of ₹14752 lakh during the year under review as compared to a turnover of ₹ 18013 lakh during the previous year.

**DIVIDEND**

In view of the loss, your Directors regret their inability to recommend any Dividend for the year under review.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

India is a major denim producing country in the world with a capacity of about 1500 million meters per annum. As a result of this large capacity the denim fabric manufacturers will continue to be under pressure due to stiff competition and margin pressures. About 20% of the capacity continues to be under-utilized due to the fact that the fabric capacity is much more than the garmenting capacity in the country.

**FUTURE PROSPECTS**

The Denim fabric industry is a cyclical industry as a result of which there are periods of large over capacity. The present down turn is expected to be prolonged for a few more years after which the industry is expected to stabilize. The Denim Industry has a long term potential due to the versatile fashion appeal, growing income levels and untapped semi urban population.

**RESERVES**

No appropriations were made to any specific Reserves for the year under review.

**CORPORATE GOVERNANCE**

A Report on Corporate Governance along with the Auditor's Certificate regarding Compliance of the conditions of Corporate Governance pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015 is annexed hereto.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. Appropriate policies have been selected and applied consistently and have 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 as at March 31, 2018 and the loss of the Company for the year ended March 31, 2018;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The annual accounts have been prepared on a going concern basis;
5. Internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

#### **AUDIT COMMITTEE**

The Company has constituted an Audit Committee which presently comprises of the following Directors viz. Mr. N.R. Joshi – Chairman, Mr. D.N. Singh, Mr. H D Ramsinghani and Mr. R G Kulkarni. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board. There were no instances when the recommendations of the Audit Committee were not accepted by the Board during the year under review.

#### **OTHER COMMITTEES**

The Stakeholders Relationship Committee which presently consists of Mr. D. N. Singh (Chairman), Mr. H. D. Ramsinghani and Mr. S. S. Arora.

The Risk Management Committee which presently consists of Mr. D.N. Singh (Chairman), Mr. H. D. Ramsinghani, Mr. R. G. Kulkarni and Mr. N. R. Joshi. The Board has formulated a Risk Management Policy covering various risks associated with the business of the Company.

The Nomination and Remuneration Committee which presently consists of Mr. R. G. Kulkarni (Chairman), Mr. D. N. Singh and Mr. N. R. Joshi.

The Company has not constituted a Corporate Social Responsibility Committee as the Company does not fulfill the prescribed criteria.

#### **WEB ADDRESS**

The Annual Return referred to in Section 92(3) of the Companies act, 2013 and other details about the Company are available on the website of the Company [www.rainbowdenim.com](http://www.rainbowdenim.com).

#### **SHARE CAPITAL**

There was no change in the share capital structure of the Company.

#### **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

The Company does not have any Subsidiary/Joint Venture/Associate Company as on the date of this Report.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of loans, guarantees and investments, if any, are given under the Notes to Financial Statements.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All transactions entered in to with Related Parties during the year under review were on an arm's length basis at prevailing market rates. There were no material related party transactions with the Promoters, Directors or the Key Managerial Personnel or their relatives during the year under review.

#### **CHANGE IN NATURE OF BUSINESS**

There is no change in the nature of the business of the Company during the year.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNIG & OUTGO**

Information relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo to the extent applicable, is annexed hereto as Annexure A and forms a part of this Report.

### **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT AND PAYMENT OF REMUNERATION**

The Whole Time Director was paid a remuneration of ₹ 26.88 Lakh during the year under review and no remuneration was paid to non executive Directors other than sitting fees for attending meetings of the Board or committees thereof. There were no employees drawing remuneration in excess of the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the year under review or part thereof. The Details pertaining to remuneration of top ten employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as Annexure B and Annexure C and form a part of the Report. The Board of Directors have framed a policy in relation to remuneration of directors, Key Managerial Personnel and senior Management and it lays down criteria for selection and appointment of Board Members. The details of the policy are available on the website of the Company [www.rainbowdenim.com](http://www.rainbowdenim.com).

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

There were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year under review.

### **DIRECTORS**

During the year under review, four Board Meetings were held on May 26, 2017, August 4, 2017, December 1, 2017 and February 5, 2018.

Mrs N. H. Ramsinghani has ceased to be a Director of the Company with effect from March 28, 2018. Mr H. D. Ramsinghani retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

All Independent directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (LODR) Regulations, 2015.

No Directors of the Company are subject to disqualification under Section 164(2) of the Companies Act, 2013 and the rules made thereunder for the year under review.

The independent Directors of the Company are informed about their roles, rights and responsibilities in the Company and also about the nature of the industry in which company operates and other related matters. The details of the familiarization program are available on the website of the Company [www.rainbowdenim.com](http://www.rainbowdenim.com).

The performance evaluation of the Chairman and the non executive Directors was carried out by the Independent Directors of the Company in their meeting held on February 5, 2018. The criterion for evaluation are available on the website of the Company [www.rainbowdenim.com](http://www.rainbowdenim.com).

### **STATUTORY AUDITORS REPORT**

The Report submitted by the Statutory Auditors does not contain any Audit qualification for the year under review.

### **STATUTORY AUDITORS**

M/s. Khandelwal & Mehta LLP, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. It is proposed to reappoint M/s Khandelwal & Mehta LLP as the auditors of the Company for a period of five years up to the conclusion of the 24<sup>th</sup> Annual General Meeting. The Audit Committee has recommended the appointment of M/s Khandelwal & Mehta LLP as the Auditors of the Company. The Company has received a certificate from M/s Khandelwal & Mehta LLP certifying that their appointment, if made, would be in compliance with all the applicable provisions of the Companies Act, 2013.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made there under, the Company has appointed A. Arora & Co to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed hereto as Annexure D and forms a part of this Report.

Your Directors refer to the observations made by the Auditors in their Report and wish to state that the Company is taking steps to appoint key managerial personnel at the earliest.

#### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in Form MGT 9 pursuant to the provisions of Section 92 of the Companies Act, 2013 is annexed hereto as Annexure E and forms a part of this Report.

#### **COST AUDIT**

The Company has appointed M/s. Pawan & Associates, qualified Cost Auditors for conducting the Audit of cost records for the financial year 2018-19. The Company has received a Certificate from Cost Auditors certifying their independence and arm's length relationship with the Company.

The Cost Audit Compliance Report for the financial year ended 31<sup>st</sup> March, 2017 was filed on August 23, 2017 with Ministry of Corporate Affairs, New Delhi. The Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2018 will be filed within the stipulated time.

#### **INTERNAL AUDIT**

The Company has appointed M/s. S. S. Kothari Mehta & Co. as the Internal Auditors and their scope of work includes review of processes, operational efficiency and effectiveness of systems and processes and assessment of adequacy of internal controls and safeguards apart from specific operational areas as per the directions of the Audit Committee. The findings of the Internal Auditor are reviewed by the Audit Committee at each meeting and corrective measures are taken from time to time as per the directions of the Audit Committee.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate system of internal controls that are commensurate with its size and nature of business to safeguard and protect the Company from losses and unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and ensuring timely reporting of financial statements.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year to which the financial statements relate and upto the date of this report.

#### **FIXED DEPOSITS**

The Company has not accepted any public deposits and as such no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

#### **SAFETY, ENVIRONMENTAL CONTROL & PROTECTION**

The Company has taken all the necessary steps for Safety and Environmental Control and Protection at its plant at Lalru.

#### **INDUSTRIAL RELATIONS**

The Industrial Relations remained cordial during the year under review.

#### **ACKNOWLEDGEMENT**

Your Directors sincerely record their appreciation with gratitude for the continued support and assistance extended to the Company by the Financial Institutions, Banks and various Government Departments and Agencies.

For and on behalf of the Board

**H.D. RAMSINGHANI**

**CHAIRMAN**

**DIN 00035416**

Place : Mumbai

Date : July 20, 2018

**ANNEXURE A TO DIRECTORS REPORT**

**PARTICULARS PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2013, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING A PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2018**

**A) CONSERVATION OF ENERGY :**

**a) Energy conservation measures taken :**

The conservation of energy resources is an ongoing process at the Plant and the Company is constantly striving to improve the production process so as to reduce energy consumption. Some of the energy conservation measures taken are :

1. Replacement of Halogens on Lighting poles with New LED/small tube, which reduces the Energy consumption.
2. Replacement of old conventional tube light with new electronic blast, which reduces the unit consumption.
3. Replaced aluminum fans with energy efficient FRP fans in Humidification Plants.
4. Roof Extractors are installed in production hall where processing machines are working.
5. The Conversion of heating system from electricity to steam of Yarn conditioning machine is carried out.
6. Energy efficient pump is installed at cooling tower for same flow to save energy.

**b) Additional investment proposals, if any, being implemented for reduction of consumption of energy:**

1. Humidification plant need changes with high forced pump with less power consumption.
2. Need to plan the supply and return fans to be run with VFD.
3. Over all power factor of plant is increased up to 0.98 to save energy.
4. Air end of IR compressor has to be changed to save electricity.

**c) Impact of measures at (a) and (b) above for reduction of Energy Consumption and consequent impact on the cost of production of goods :**

As a result of the continuous efforts, the Company has been able to achieve substantial saving in energy costs.

**d) Particulars with respect to conservation of energy :**

	<u>2017-18</u>	<u>2016-17</u>
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>1. ELECTRICITY:</b>		
<b>a. Purchased (PSEB) :</b>		
Units (in thousand)	22667	24073
Total cost (₹ in Laacs)	1525.31	1682.28
Rate per Unit (₹)	6.73	6.99
<b>b. Own Generation:</b>		
<b>Through Diesel Generation:</b>		
Units (in thousand)	10	8
Units per Liter of Diesel	3.20	3.20
Cost per Unit (₹)	18.30	16.70

	<u>2017-18</u>	<u>2016-17</u>
<b>Through Steam Turbine/Generator:</b>		
Units (in thousand)	Nil	Nil
Units per Liter of Fuel, Oil, Gas	NA	NA
Cost per unit	NA	NA
<b>2 FURNACE OIL :</b>		
Quantity (in Kiloliters)	Nil	42
Total Amount (₹ in Lacs)	Nil	10.83
Average Rate	NA	25.92
<b>3 OTHER INTERNAL GENERATION</b>	Nil	Nil
<b>B. CONSUMPTION PER UNIT OF PRODUCTION :</b>		
Production of Denim Fabric (in Lacs Meters)	107.05	117.18
Electricity (kwh per Meter)	2.12	2.06
Furnace Oil	Nil	Nil
Coal	Nil	Nil

**B) PARTICULARS WITH RESPECT TO ABSORPTION, ADAPTATION AND INNOVATION :**

**I. RESEARCH AND DEVELOPMENT (R & D) :**

**1. Specific areas in which R & D is carried out by the Company :**

The Specific areas in which R & D activities are carried out by the Company are relating to improvement in quality of the existing products and development of new products to meet market demands.

**2. Benefits derived as a result of R & D :**

As a result of the R & D activities, the Company has been able to develop several new products to meet the ever changing demands of the domestic and international markets.

**3. Future Plan of Action :**

The Company lays a great emphasis on R & D activities and proposes to carry out R & D work in various areas so as to achieve cost reduction and increased productivity.

**4. Expenditure on R & D :**

Expenditure on R & D has been shown under the respective heads of expenditure in the Statement of Profit and Loss as no separate Account is maintained.

**II. TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION :**

**1. Efforts in brief made towards technology absorption, adaptation and innovation :**

Plant and Machinery of latest technology have been installed and the Company is making continuous efforts to carry out innovation wherever possible.

**2. Benefits derived as a result of above efforts :**

As a result of the above efforts the Company has been able to achieve cost reduction and production levels have improved.

**3. Information of Imported Technology :**

Not Applicable

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	(₹ in Lacs)
Foreign Exchange used	504.66
Foreign Exchange earned	1167.03

**ANNEXURE 'B' TO DIRECTORS REPORT**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Ratio of the remuneration of the Whole Time Director to the median remuneration of the employees of the company for the financial year was 14.92.
(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	N A
(iii) The percentage increase in the median remuneration of employees in the financial year.	8.01
(iv) The number of permanent employees on the rolls of company;	707
(v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year was in line with industry standards.
(vi) Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the remuneration policy of the company.

**ANNEXURE 'C' TO DIRECTORS REPORT**

**PARTICULARS OF REMUNERATION AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- A. Employed for the entire year under review and were in receipt of Remuneration of not less than ₹ 1,02,00,000/-  
NIL
- B. Employed for a part of the year under review and were in receipt of Remuneration of not less than ₹ 8,50,000/-  
p m.  
NIL
- C. Details of Top 10 employees in terms of remuneration drawn as on 31.03.2018 will be provided on request.

For and on behalf of the Board  
(Annexure A to C)

**H.D. RAMSINGHANI**  
**CHAIRMAN**  
**DIN 00035416**

Place : Mumbai  
Date : July 20, 2018

**ANNEXURE 'D' TO DIRECTORS REPORT**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,  
The Members,  
Rainbow Denim Limited  
Village: Chaundheri  
P.O. Dappar, Tehsil: Derabassi  
Dist.: Mohali, Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by RAINBOW DENIM LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the RAINBOW DENIM LIMITED'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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by RAINBOW DENIM LIMITED ("the Company") for the financial year ended on March 31, 2018 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;
- (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 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 - Not Applicable as the company has not provided any share based benefits to the employees during the year.
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable as the company has not issued any securities during the financial year under review.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Not applicable as the company has not issued any debt securities during the financial year under review.
  - 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 - Not applicable as the company

is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - and the amendments thereof - Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air (Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on BSE Limited;
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well 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.
3. All decisions are carried through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers and taken on record by the board of directors in their meeting(s), I am of an opinion that:

1. 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.
2. Based on the examination of the relevant documents and records on test check basis the company has Complied with the following laws specifically applicable to the company:
  - a) The Indian Electricity Act, 2003 and Indian Electricity Rules, 2005.
  - b) The Boilers Act, 1923
  - c) The Explosives Act, 1884 and Explosives Rules, 2008

I further report that during the audit period the company has passed the following special resolutions through postal ballot :

1. Resolution under Section 180(1)(a) read with Section 188 to sell / transfer or otherwise dispose-off a plot of the company situated in District : Ahmedabad, Gujarat to M/s Rama Phosphates Limited or its subsidiary company.
2. Resolution under Section 180(1)(a) read with Section 188 to sell / transfer or otherwise dispose-off an office premises of the company situated at Nariman Point, Mumbai, Maharashtra to Rainbow Agri Industries Limited.

3. Resolution under Section 180(1)(a) to authorise the Board of Directors to create charge, mortgage and hypothecation on the assets of the company for an amount not exceeding ₹ 20.00 crores ( ₹ Twenty Crores only).

***I further report that during the audit period under review the vacancy in the office of Chief Financial Officer (KMP) has not been filled within the prescribed time.***

I further report that, there were no instances of

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

**For A. ARORA & COMPANY**

AJAY K. ARORA

FCS No. 2191

C P No.: 993

Place: Chandigarh

Date : July 20, 2018

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

To,

“Annexure-A”

The Members

Rainbow Denim Limited

Village: Chaundheri

P.O. Dappar, Tehsil: Derabassi

Dist.: Mohali, Punjab

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records, based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the extent of verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For A. ARORA & COMPANY**

AJAY K. ARORA

FCS No. 2191

C P No.: 993

Place: Chandigarh

Date : July 20, 2018

**Annual Report 2017-2018**

**ANNEXURE 'E' TO DIRECTORS REPORT**

**FORM MGT – 9**

**EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2018**

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	L18101PB1999PLC022452
ii)	Registration Date [DDMMYY]	8/04/1999
iii)	Name of the Company	Rainbow Denim Limited
iv)	Category/ Sub Category of the Company	Public Company limited by shares
v)	Address of Registered office and contact details	Village Chaundheri, PO Dappar, Tehsil Derabassi, District Mohali, Punjab 140506 Tel: 1762 – 248810, Fax: 1762 - 248761
vi)	Whether shares listed on recognized Stock Exchange(s)	Yes
vii)	Name, Address and contact details of Registrar & Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S Marg, Vikhroli West, Mumbai 400083 Tel: 022-49186000, Fax: 022 - 49186060

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

SN	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Denim Fabric	13121	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
N A	N A	N A	N A

**IV. 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[As on 31-March-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									N A
a) Individual/ HUF	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
b) Central Govt	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
c) State Govt(s)	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
d) Bodies Corp.	6909087	Nil	6909087	52.01	6910426	Nil	6910426	52.02	0.01
e) Banks / FI	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
f) Any other (Directors & Relatives)	4	Nil	4	0	213755	Nil	213755	1.61	1.61
<b>Sub-total (A)(1):-</b>	<b>6909091</b>	<b>Nil</b>	<b>6909091</b>	<b>52.01</b>	<b>7124181</b>	<b>Nil</b>	<b>7124181</b>	<b>53.63</b>	<b>1.62</b>

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI-Individuals	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
b) Other-Individuals	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
c) Bodies Corp.	2517435	Nil	2517435	18.95	2517435	Nil	2517435	18.95	Nil
d) Banks/FI	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
e) Any Other (Directors & relatives)	8022	Nil	8022	0.06	8022	Nil	8022	0.06	Nil
<b>Sub-total (A) (2):-</b>	<b>2525457</b>	<b>Nil</b>	<b>2525457</b>	<b>19.01</b>	<b>2525457</b>	<b>Nil</b>	<b>2525457</b>	<b>19.01</b>	<b>Nil</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>9434548</b>	<b>Nil</b>	<b>9434548</b>	<b>71.02</b>	<b>9649638</b>	<b>Nil</b>	<b>9649638</b>	<b>72.64</b>	<b>1.62</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	280	Nil	280	0.00	280	Nil	280	0.00	Nil
b) Banks / FI	622360	1800	624160	4.70	622360	1800	624160	4.70	Nil
c) Central Govt	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
d) State Govt(s)	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
e) Venture Capital Funds	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
f) Insurance Companies	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
g) FIIs	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
h) Foreign Venture Capital Funds	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
i) Others (specify)	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
<b>Sub-total (B)(1):-</b>	<b>622640</b>	<b>1800</b>	<b>624440</b>	<b>4.70</b>	<b>622640</b>	<b>1800</b>	<b>624440</b>	<b>4.70</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	275835	13360	289195	2.18	233806	13360	247166	1.86	(0.32)
ii) Overseas	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1127654	628470	1756124	13.22	1103783	623270	1727053	13.00	(0.22)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1137023	Nil	1137023	8.56	997638	Nil	997638	7.51	(1.05)
<b>c) Others - (specify)</b>									
Non Resident Indians	23528	9760	33288	0.25	24501	9760	34261	0.25	Nil
Overseas Corporate Bodies	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A

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Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Nationals	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
Clearing Members	8965	Nil	8965	0.06	3387	Nil	3387	0.03	(0.03)
Trusts	160	Nil	160	0	160	Nil	160	0	Nil
Foreign Bodies - D R	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
<b>Sub-total (B)(2):-</b>	<b>2573165</b>	<b>651590</b>	<b>3224755</b>	<b>24.28</b>	<b>2363275</b>	<b>646390</b>	<b>3009665</b>	<b>22.66</b>	<b>(1.62)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3195805</b>	<b>653390</b>	<b>3849195</b>	<b>28.98</b>	<b>2985915</b>	<b>648190</b>	<b>3634105</b>	<b>27.36</b>	<b>(1.62)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
<b>Grand Total (A+B+C)</b>	<b>12630353</b>	<b>653390</b>	<b>13283743</b>	<b>100</b>	<b>12635553</b>	<b>648190</b>	<b>13283743</b>	<b>100</b>	<b>Nil</b>

ii) Shareholding of Promoter-

SN	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	Blue Lagoon Investments Pvt Ltd	172808	1.30	1.30	172808	1.30	1.30	Nil
2	H. D. Ramsinghani	8	0.00	Nil	8	0.00	Nil	Nil
3	Silver Eagle Inc.	2517435	18.95	11.36	2517435	18.95	11.36	Nil
4	Jupiter Corporate Services Pvt Ltd	212858	1.60	Nil	214197	1.60	Nil	Nil
5	Libra Mercantile Pvt Ltd	238877	1.80	1.74	238877	1.80	1.74	Nil
6	Lajwanti D. Ramsinghani	8014	0.06	0.03	8014	0.06	0.03	Nil
7	Prarabdha Trading Co. Pvt. Ltd.	464	0.00	Nil	464	0.00	Nil	Nil
8	Rainbow Agri Inds. Ltd.	6000000	45.17	Nil	6000000	45.17	Nil	Nil
9	Rama Phosphates Ltd.	40	0	Nil	40	0	Nil	Nil
10	Trishul Mercantile Pvt. Ltd.	284040	2.14	2.14	284040	2.14	2.14	Nil
11	D. J. Ramsinghani	4	0	Nil	4	0	Nil	Nil
12	Madhavi Arora	Nil	Nil	Nil	148402	1.12	Nil	1.12
13	S. S. Arora	Nil	Nil	Nil	65349	0.49	Nil	0.49
	<b>Total</b>	<b>9434548</b>	<b>71.02</b>	<b>16.57</b>	<b>9649638</b>	<b>72.64</b>	<b>16.57</b>	<b>1.62</b>

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

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	9434548	71.02	9649638	72.64
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The increase in shareholding of Promoters is due to change in classification of Promoters.			
	At the end of the year	9434548	71.02	9649638	72.64

iv) **Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of trans-action	Increase/ Decrease in share-holding	Reason	Cumulative shareholding during the year (01/04/2017 to 31/03/2018)	
		No. of shares at the beginning (01/04/2017)/ end of the year 31/03/2018	% of total shares of the Company				No. of shares	% of total shares of the company
1	Bank of India	6,20,000	4.67			No Change	6,20,000	4.67
		6,20,000	4.67					
2	Subramanian P.	1,41,140	1.06	07.04.2017	Increase	Purchase	141689	1.07
		1,54,690	1.16	14.04.2017	Increase	Purchase	142708	1.07
				21.04.2017	Increase	Purchase	149885	1.13
				28.04.2017	Increase	Purchase	150230	1.13
				05.05.2017	Increase	Purchase	150550	1.13
						12.05.2017	Increase	Purchase
3	Hemendra Chunilal Parekh	1,26,000	0.95			No Change	1,26,000	0.95
		1,26,000	0.95					
4	G R G Cosmetics	1,08,000	0.81			No Change	1,08,000	0.81
		1,08,000	0.81					
5	Aaikya Bhavesh Mamnia	42,926	0.32					
		72,870	0.55	21.04.2017	Increase	Purchase	43926	0.33
				28.04.2017	Increase	Purchase	55634	0.42
				19.05.2017	Increase	Purchase	59524	0.45
				26.05.2017	Increase	Purchase	60524	0.46
				12.01.2018	Increase	Purchase	63864	0.48
				19.01.2018	Increase	Purchase	63889	0.48
				26.01.2018	Increase	Purchase	69668	0.52
				02.02.2018	Increase	Purchase	72860	0.55
				09.02.2018	Increase	Purchase	72870	0.55
6	Ajay Bhaskar	70,026	0.53	02/06/2017	Increase	Purchase	71000	0.53
		71,000	0.53					
7	Samta Goenka	62,000	0.46			No Change	62000	0.46
		62,000	0.46					
8	Manilal Hirji Shah HUF	59,579	0.44	21.04.2017	Increase	Purchase	60679	0.46
		65,679	0.49	19.01.2018	Increase	Purchase	65679	0.49
9	Om Beer	0	0	23.02.2018	Increase	Purchase	47199	0.36
		47,199	0.36					
10	GaganAshokkumar Khemka	44,288	0.33	14.10.2016	Decrease	Sale	0	0.00
		44,288	0.33					

v) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding					Cumulative Shareholding during the year	
		No. of shares at the beginning (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the company	Date	Increase/ Decrease in share-holding	Reason	No. of shares	% of total shares of the company
1.	D.N. Singh	1324	0.01	N A	N A	N A	1324	0.01
		1324	0.01					
2.	H. D. Ramsinghani Chairman	8	0	N A	N A	N A	8	0.00
		8	0					
3.	S. S. Arora Director	65349	0.49	N A	N A	N A	65349	0.49
		65349	0.49					

V. **INDEBTEDNESS**

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2017</b>				
i) Principal Amount	161,89,16,158	-	-	161,89,16,158
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>161,89,16,158</b>	-	-	<b>161,89,16,158</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	2,53,11,822	27,80,61,247	-	30,33,73,069
* Reduction	(14,60,06,206)	(11,60,00,000)	-	(26,20,06,206)
<b>Net Change</b>	<b>(12,06,94,384)</b>	<b>16,20,61,247</b>	-	<b>4,13,66,863</b>
<b>Indebtedness at the end of the financial year (31.03.2018)</b>				
i) Principal Amount	149,82,21,774	16,00,61,247	-	165,82,21,774
ii) Interest due but not paid	-	-1	-	-
iii) Interest accrued but not due	-	20,61,247	-	20,61,247
<b>Total (i+ii+iii)</b>	<b>149,82,21,774</b>	<b>16,20,61,247</b>	-	<b>166,02,83,021</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

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

SN.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount (₹)
		MD	
		Mr S. S. Arora	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,00,000	24,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil
5	Others, please specify (PF)	2,88,000	2,88,000
	Total (A)	26,88,000	26,88,000
	Ceiling as per the Act	N A	N A

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
		H.D. Ramsinghani	D.N. Singh	R.G. Kulkarni	N.H. Ramsinghani	N.R. Joshi	
<b>1</b>	<b>Independent Directors</b>						
	Fee for attending board/ committee meetings	Nil	22,000	20,000	Nil	20,000	62,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	Nil	22,000	20,000	Nil	20,000	62,000
<b>2</b>	<b>Other Non-Executive Directors</b>						
	Fee for attending board committee meetings	14000	Nil	Nil	6,000	Nil	22,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	14,000	Nil	Nil	6,000	Nil	22,000
	Total Managerial Remuneration <b>Total (B)=(1+2)</b>	<b>14,000</b>	<b>22,000</b>	<b>20,000</b>	<b>6,000</b>	<b>20,000</b>	<b>82,000</b>

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total ( ₹ )
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,85,387	Nil	28,85,387
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,70,486	Nil	6,70,486
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil
5	Others, please specify	1,10,640	Nil	1,10,640
	Total	36,66,513	Nil	36,66,513

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

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

For and on behalf of the Board

**H.D. RAMSINGHANI**

**CHAIRMAN**

**DIN 00035416**

Place : Mumbai

Date : July 20, 2018

**REPORT ON CORPORATE GOVERNANCE**

**1. Company's Philosophy on Corporate Governance**

As required by the Listing Regulations, the Company has implemented the Code of Corporate Governance and it is committed to the philosophy of good Corporate Governance in letter and in spirit.

**2. Board of Directors**

- a. As on the date of this Report, the Board consists of Five Directors (One Executive Director and Four Non executive Directors out of whom three are Independent Directors).
- b. The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the year was as under :

Name of Director	Category Executive, Non-executive/ Independent	Attendance at		Membership of other Board (excluding alternate Director-ships and Private Companies)	Membership/ Chairmanship of other Board Committees		Share-holding (No. of Shares)
		Board Meetings	Last Annual General Meeting		Chairman	Member	
Mr. H. D. Ramsinghani Chairman	Promoter Non -Executive	Four	No	Four	One	Three	8
Mr. S. S. Arora Whole Time Director	Executive	Four	Yes	Nil	Nil	Nil	65349
Mr. D. N. Singh Director	Non -Executive Independent	Four	No	Three	Two	Three	1324
Mrs. N. H. Ramsinghani Director (up to 28/03/2018)	Promoter Non -Executive	Three	No	Two	Nil	Nil	Nil
Mr. R. G. Kulkarni Director	Non -Executive Independent	Four	No	Four	One	One	Nil
Mr. N. R. Joshi Director	Non -Executive Independent	Four	Yes	Three	Nil	Two	Nil

Except for Mr H. D. Ramsinghani and Mrs. N. H. Ramsinghani, none of the other Directors were related to each other.

- a. During the year Four Board Meetings were held on the following dates :  
May 26, 2017, August 4, 2017, December 1, 2017 and February 5, 2018.
- b. During the year one meeting of the Independent Directors was held on February 5, 2018.
- c. The Compliance Reports of all applicable laws and filings made by the Company with the BSE are placed before the Board at each meeting. Detailed notes are circulated to all the Directors well in advance on all matters listed in the Agenda for each Board and committee meeting.

### **3. Code of Conduct**

The Company has formulated a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the company. The declaration by the Chairman regarding compliance by the members of the Board and the Senior Management personnel with the said code of conduct is annexed hereto. As required under the Listing Regulations and the various provisions of the Companies Act, 2013, the Company has also formulated the Risk Management Policy, Whistle Blower Policy, Policy on Related Party Transactions, Nomination and Remuneration Policy and the Code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by employees and other connected persons. The details of the policies are available on the website of the Company [www.rainbowdenim.com](http://www.rainbowdenim.com).

### **4. Committees of the Board**

#### **a) Audit Committee**

Role of the Audit Committee and its terms of reference inter alia include reviewing the financial statements, overseeing the Company's financial reporting process and reviewing and examining the quarterly and annual financial statements, Management Discussion and Analysis of financial statements, recommending the appointment and remuneration of Statutory, Internal and Cost Auditors, reviewing Audit Reports, related party transactions and inter corporate loans and investments.

The Committee presently comprises of Mr N. R. Joshi (Chairman), Mr. D. N. Singh, Mr. H. D. Ramsinghani and Mr R. G. Kulkarni.

During the year four meetings of the Audit Committee were held on May 26, 2017, August 4, 2017, December 1, 2017 and February 5, 2018. The attendance at Audit committee meetings of each of the Directors is as under:

<b>Name of the Director</b>	<b>Attendance at Audit Committee meetings</b>
Mr N. R. Joshi	Four
Mr H. D. Ramsinghani	Four
Mr. D. N. Singh	Four
Mr R. G. Kulkarni	Four

#### **b) Share Transfer Committee**

The Board has delegated the power of share transfers to a Committee of Directors comprising of Mr. H. D. Ramsinghani (Chairman), Mr. S. S. Arora and Mr. D.N. Singh as also to the Registrars and Transfer Agents of the Company who attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates and issue of certificates on split / consolidation / renewal etc. at least once in a fortnight. The transfers etc. approved by the Registrars and Transfer Agents and the Share Transfer Committee are also noted at every meeting of the Board of Directors. The Board has designated Mr. Pritesh Jhaveri as the Compliance Officer.

No investor complaint is pending for a period exceeding one month.

#### **c) Nomination and Remuneration Committee**

The Nomination & Remuneration Committee formulates criterion for determining qualifications, independence and other attributes of the Directors and based thereon identifies persons qualified to be Directors. The Committee also carries out evaluation of the Directors and formulates the policy on the remuneration of Directors and KMP and determines the managerial remuneration and other employment conditions of the Managing / Whole Time Directors and Senior Management personnel (one level below the Board) based on the policy and makes recommendations to the Board of Directors. The details about the

Remuneration Policy of the Company are available on the website of the Company [www.rainbowdenim.com](http://www.rainbowdenim.com).

The Committee presently comprises of Mr R. G. Kulkarni (Chairman), Mr. D. N. Singh and Mr N. R. Joshi. During the year one meeting of the Nomination & Remuneration Committee was held on May 26, 2017.

**d) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee specifically looks into the redressing of Shareholders and Investors complaints relating to share transfers, non-receipt of Balance Sheet etc. The Company has appointed Mr Pritesh Jhaveri as the Compliance Officer and the investors are requested to register their complaints, if any, on the exclusive email ID: [pritesh@ramagroup.co.in](mailto:pritesh@ramagroup.co.in)

The committee presently comprises of Mr. D. N. Singh (Chairman), Mr. H. D. Ramsinghani, Mr. S. S. Arora.

During the year one meeting of the Stakeholders Relationship Committee was held on February 5, 2018. A summary of complaints received and resolved by the Company during the year is given below:

	Received	Resolved
Non - Receipt of Share Certificates	1	1
Non - Receipt of Dividend Warrants	Nil	Nil
Non - Receipt of Bonus Cert	Nil	Nil
Miscellaneous	Nil	Nil
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	Nil	Nil

**5. Remuneration of Directors**

**(a) Whole Time Director**

The Whole Time Director was paid a remuneration of ₹ 26.88 Lakh during the year under review.

**(b) Non-Executive Directors**

The Non-Executive Directors are not paid any remuneration except fees for attending meetings of the Board or committees thereof.

Details of Sitting Fees paid to the Non-Executive Directors for attending meetings of the Board and Committees thereof during the year are as follows:

Name of the Director	Sitting Fees ( ₹ )
Mr. H.D. Ramsinghani	14,000/-
Mr. S. S. Arora	2,000/-
Mr. D. N. Singh	22,000/-
Mrs. N. H. Ramsinghani (Upto 28.03.2018)	6,000/-
Mr. R. G. Kulkarni	20,000/-
Mr N. R. Joshi	20,000/-
<b>TOTAL</b>	<b>86,000/-</b>

**6. General Body Meetings :**

Financial Year	Date	Time	Location
2014-2015	23/09/2015	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2015-2016	23/09/2016	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2016-2017	21/09/2017	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506

**7. Postal Ballot / Special Resolutions**

During the year under review the approval of the Members was sought pursuant to the provisions of section 180(1)(a) and section 188 and other applicable provisions of the Companies Act, 2013 through the Postal Ballot process.

No Resolution is proposed for passing through Postal Ballot at the ensuing Annual General Meeting.

Special Resolutions passed in the previous Three Annual General Meetings.

Date	Particulars
23/09/2015	Appointment of Mr. H. D. Ramsinghani as Managing Director
23/09/2016	Resolution pursuant to the provisions of Section 180(1)(a)
21/09/2017	Appointment of Mr. S.S. Arora as Whole Time Director w.e.f. 01/06/2017

**8. Disclosures**

- a) The Company is in compliance with all mandatory requirements of the Listing Regulations as on the date of this Report except that the Company does not have a CFO as on the date of this Report.
- b) All transactions entered in to with Related Parties as defined under the Companies Act, 2013 and the Listing Regulations during the financial year were in the ordinary course of business and on arms length basis.
- c) There were no transactions of material nature with the Directors or the Key Managerial Personnel or their relatives during the financial year which could have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed elsewhere in the Annual Report. None of these transactions have potential conflict with interest of the Company at large.
- d) No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.
- e) The Company has formulated a Whistle Blower Policy under which all personnel have access to the Audit Committee and no personnel has been denied access to the audit Committee during the year under review.
- f) The financial statements have been prepared in accordance with the prescribed Accounting Standards.
- g) Adoption of non mandatory requirements of the Listing Regulations is reviewed by the Board from time to time.
- h) Since the Financial Results are published in leading news papers as well as displayed on Company's website, half yearly financial results including summary of significant events in the past six months are presently not being sent to the shareholders.

**9. Means of communication**

- a) The Company has not made any presentation to the institutional investors or analysts.
- b) The unaudited quarterly results are announced within forty five days from the close of the quarter and the Audited results are announced within sixty days from the close of the financial year. The financial results are immediately sent to the Stock Exchanges and published in an English language newspaper and a local language newspaper and also uploaded on the website of the Company.

**10. General Shareholder Information :**

Financial Year	: 31 <sup>st</sup> March, 2018
Annual General Meeting	: September 18, 2018 at 10.00 a.m. At Village Chaundheri, P. O. Dappar, Tehsil Derabassi, Dist Mohali, Punjab 140 506.
Dates of Book Closure	: September 11, 2018 to September 18, 2018 (both days inclusive)
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd.
Stock Code	: 532441 (BSE)
International Securities Identification	: INE820D01025
Number allotted By NSDL	

The Company has paid listing fees to the Bombay Stock Exchange for the period up to March 31, 2019.

**11. Market Price Data (High / Low in ₹ during each month) :**

Month	High	Low
April 2017	11.52	8.00
May 2017	14.99	11.05
June 2017	11.90	8.33
July 2017	8.08	6.36
August 2017	7.50	5.70
September 2017	6.76	5.05
October 2017	5.05	3.95
November 2017	5.26	4.25
December 2017	6.17	5.07
January 2018	10.45	6.18
February 2018	9.65	7.16
March 2018	7.10	5.32

As the equity shares are not frequently traded on the Bombay Stock Exchange, the stock performance viz a viz the Index has not been given.

**12. Registrars & Transfer Agent**

Link Intime India Private Limited

C - 101, 247 Park, L. B. S. Marg, Vikhroli (West) Mumbai - 400083

Tel : 49186000; Fax : 49186060

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

**13. Share Transfer System**

The Share Transfers which are received in the Physical Form are processed well within prescribed statutory period from time to time, subject to the documents being valid and complete. The Transfers / Transmission approved by the Share Transfer Committee are also noted at every meeting of the Board of Directors.

**14. Distribution of Equity Shareholding as of March 31, 2018 :**

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 - 500	13856	96.98	1014841	7.64
501 - 1000	199	1.39	149562	1.13
1001 - 2000	87	0.61	129212	0.97
2001 - 3000	26	0.18	64103	0.48
3001 - 4000	22	0.15	79731	0.60
4001 - 5000	29	0.20	139398	1.05
5001 - 10000	25	0.18	176431	1.33
10001 & above	45	0.31	11530465	86.80
<b>T o t a l</b>	<b>14289</b>	<b>100.00</b>	<b>13283743</b>	<b>100.00</b>

**15. Shareholders' Profile as on March 31, 2018 :**

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	9649638	72.64
<b>Non Promoter Shareholding</b>		
Foreign Collaborators	Nil	N A
Banks	623920	4.70
Financial Institutions	240	0.00
Foreign Institutional Investors	Nil	N A
Mutual Funds	280	0.00
Domestic Companies	250553	1.88
Non-Domestic Companies	Nil	N A
Non-Resident Indians	34261	0.26
General Public	272485	20.52
<b>T o t a l</b>	<b>13283743</b>	<b>100.00</b>

**16. Dematerialization of shares as on March 31, 2018:**

95.12% of the Company's total share capital representing 12635553 Equity shares are held in dematerialized form.

**17. Plant Location:**

Village Chaundheri, P.O. Dappar, Chandigarh Ambala National Highway, Tehsil Derabassi, Dist. Mohali, Punjab 140506

**18. Address for Correspondence:**

Shareholders should address all correspondence to the Corporate office of the Company at 51/52, Free Press House, Nariman Point, Mumbai 400 021 or to the Registrar and Transfer Agent – Link Intime India Private Limited at C – 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 078.

**19. Appointment / Reappointment of Directors:**

Mr. H. D. Ramsinghani is proposed to be reappointed at the forthcoming Annual General Meeting. The relevant information about the said Director is given in the Notice convening the Annual General Meeting.

For and on behalf of the Board

**H. D. RAMSINGHANI**  
**CHAIRMAN**  
**DIN 00035416**

Place : Mumbai

Dated : July 20, 2018

**DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT**

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company.

As required under Regulation 26(3) of SEBI (LODR) Regulations, 2015 the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the said Code for the year ended March 31, 2018.

Place : Mumbai

Dated : July 20, 2018

**H. D. RAMSINGHANI**

**CHAIRMAN**

**DIN 00035416**

**Independent Auditor's Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Members of**

**Rainbow Denim Limited**

1. The Corporate Governance Report prepared by **Rainbow Denim Limited** ("the Company"), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the shareholders of the Company.

**Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

**Auditor's Responsibility**

4. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance, as stipulated in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.

8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Opinion**

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above, except in the absence of the Chief Financial Officer (CFO), the financial statements submitted to the Board are certified by the Whole Time Director only.

**Other matters and Restriction on Use**

10. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Certificate is addressed to and provided to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

**For Khandelwal & Mehta LLP**  
**Chartered Accountants**  
**Firm's Regn. No. W100084**

*Sunil Khandelwal*  
**(Partner)**

Membership No. 101388

Mumbai.

Dated : July 20, 2018

**INDEPENDENT AUDITOR'S REPORT**

To,

**The Members of Rainbow Denim Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Rainbow Denim Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes the 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 the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material 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 provision 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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,

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;

- (b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the Loss for the year ended on that date;
- (c) in the case of the Statement of Changes in Equity, of the changes in equity for the year ended on that date; and
- (d) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of matter**

We draw attention to Note 36 of the accompanying financial statements in respect of Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 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, Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 derivatives contract for which there were any material foreseeable losses.
    - iii) There were no dues which were required to be transferred to Investor Education and Protection Fund by the company.

**For Khandelwal & Mehta LLP**  
**Chartered Accountants**  
Firm Regn. No. W100084

Place: Mumbai  
Date : May 29, 2018

**S. L. Khandelwal**  
**(Partner)**  
**M. No : 101388**

**“ANNEXURE A” TO THE INDEPENDENT AUDITORS REPORT**

**The annexure referred to our Report of even date to the members of Rainbow Denim Ltd on the financial statements for the year ended 31<sup>st</sup> March 2018. We report that:**

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets on the basis of available information;
  - b) Management has certified that they have carried out physical verification of fixed assets and no material discrepancy was noticed on such verification.
  - c) The title deeds of immovable properties are held in the name of company.
2. According to the information and explanations given to us, the inventories have been physically verified at reasonable intervals by the management during the year and no material discrepancies have been noticed.
3. According to the information and explanations given to us and on the basis of our examination of books of account, the Company has granted loan to a company covered in the register maintained under section 189 of the Companies Act, 2013. The said loan has been fully recovered during the year and interest has been appropriately charged on the said loan. The terms and conditions of such loans are not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans made; the Company has not made any investments or given any guarantee or security.
5. According to the information and explanation given to us, the company has not accepted any deposits as per the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of the Company's Products to which the said rules are made applicable, and are of the opinion that prima facie, the prescribed accounts have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate.
7.
  - a) According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value added tax, Cess and any other statutory dues with appropriate authorities outstanding as on 31st March, 2018, for a period of more than six months from the date they became payable.
  - b) According to the records of the Company and information and explanations given to us there are no dues of sales tax, income tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess on account of any disputes.
8. On the basis of our examination of the books and according to the information and explanation given to us, the company has restructured all previous defaulted loans including interest and Letter of Credit devolvement with securitization companies in earlier years. The company has defaulted in the repayment of dues including interest amounting ₹ 1,15,00,000/- during the year.
9. In our opinion and on the basis of information and explanations given to us, the Company has not raised money by way of further public offer during the year and term loans availed by the Company were, prima facie, applied by the Company for the purpose for which the loans were obtained.
10. According to the information and explanations given to us, and to the best of our knowledge and belief no fraud on or by the Company has been noticed or reported during the year.

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**Annual Report 2017-2018**

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11. According to the information and explanations given to us, the managerial remuneration paid by the company is in accordance with the Section 197 read with Schedule V of the companies Act, 2013.
12. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
13. According to information and explanations given to us and based on our examination of the records of the company, transactions with related parties are in accordance with section 177 and 188 of the act where applicable and details of such transactions have been disclosed in Financial Statements as required by applicable accounting standards.
14. According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Therefore paragraph 3(xv) of the Order is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45- IA of Reserve Bank of India Act, 1934.

**For Khandelwal & Mehta LLP**  
**Chartered Accountants**  
Firm Regn. No. W100084

Place: Mumbai  
Date : May 29, 2018

**S. L. Khandelwal**  
**(Partner)**  
**M. No : 101388**

**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT”**

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

We have audited the internal financial controls over financial reporting of **Rainbow Denim Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of Internal Control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

**For Khandelwal & Mehta LLP**  
**Chartered Accountants**  
Firm Regn. No. W100084

*S. L. Khandelwal*  
**(Partner)**  
**M. No : 101388**

Place: Mumbai  
Date : May 29, 2018

**BALANCE SHEET AS AT MARCH 31, 2018**

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>ASSETS :</b>				
<b>Non-current Assets :</b>				
Property, Plant and Equipment	2	29,40,05,820	32,63,28,082	34,87,46,444
Intangible Assets	2	6,94,006	22,54,605	35,85,688
Financial Assets				
Investments	3	2,82,250	2,82,250	2,82,250
Other Non-current Financial Assets	4	3,24,20,505	3,03,46,689	2,60,59,274
Other Non-current Assets	5	14,16,409	18,86,916	12,886
		<u>32,88,18,990</u>	<u>36,10,98,542</u>	<u>37,86,86,542</u>
<b>Current Assets :</b>				
Inventories	6	15,12,70,753	13,94,73,965	21,16,15,774
Financial Assets				
Trade Receivables	7	40,58,45,005	37,87,03,746	33,58,69,172
Cash and Cash Equivalents	8	63,75,955	1,19,99,827	78,52,852
Other Current Financial Assets	9	3,00,98,719	51,42,182	38,74,518
Other Current Assets	10	1,46,93,267	1,11,68,594	8,46,37,572
		<u>60,82,83,699</u>	<u>54,64,88,314</u>	<u>64,38,49,888</u>
<b>TOTAL ASSETS</b>		<u>93,71,02,689</u>	<u>90,75,86,856</u>	<u>1,02,25,36,430</u>
<b>EQUITY AND LIABILITIES :</b>				
<b>Equity :</b>				
Equity Share Capital	11	13,28,37,430	13,28,37,430	13,28,37,430
Other Equity	12	(1,40,58,68,992)	(1,35,42,55,117)	(1,26,40,93,895)
		<u>(1,27,30,31,562)</u>	<u>(1,22,14,17,687)</u>	<u>(1,13,12,56,465)</u>
<b>Liabilities :</b>				
<b>Non-current Liabilities :</b>				
Financial Liabilities				
Non-current Borrowings	13	95,33,11,426	80,80,47,094	90,84,02,888
Other Non-current Financial Liabilities	14	50,000	5,81,482	4,71,246
		<u>95,33,61,426</u>	<u>80,86,28,576</u>	<u>90,88,74,134</u>
<b>Current Liabilities :</b>				
Financial Liabilities				
Current Borrowings	15	6,91,40,364	1,73,28,542	3,96,34,260
Trade Payables	16	52,64,86,522	48,59,54,240	44,37,54,122
Other Current Financial Liabilities	17	13,79,43,355	18,83,55,507	22,05,96,014
Provisions	18	61,54,666	41,50,190	26,58,208
Other Current Liabilities	19	51,70,47,918	62,45,87,488	53,82,76,157
		<u>1,25,67,72,825</u>	<u>1,32,03,75,967</u>	<u>1,24,49,18,761</u>
<b>TOTAL LIABILITIES</b>		<u>93,71,02,689</u>	<u>90,75,86,856</u>	<u>1,02,25,36,430</u>
Significant Accounting Policies	1			

The accompanying Notes 1 to 39 are an integral part of the Financial Statements.

As per our report of even date attached  
for Khandelwal & Mehta LLP,  
Chartered Accountants  
Firm Registration Number : W100084

For and on behalf of the Board of Directors,

Sunil Khandelwal  
Partner  
Membership Number : 101388

S. S. Arora  
Whole Time Director  
DIN - 00033825

D. N. Singh  
Director  
DIN - 00021741

H. D. Ramsinghani  
Chairman  
DIN - 00035416

Place : Mumbai  
Date : May 29, 2018

Place : Mumbai  
Date : May 29, 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>REVENUE :</b>			
<b>Revenue from Operations :</b>			
Sale of Finished Goods	20	1,47,51,68,840	1,80,13,52,036
Other Operating Revenues	21	1,52,35,064	1,17,45,967
<b>Total Revenue from Operations</b>		<b>1,49,04,03,904</b>	<b>1,81,30,98,003</b>
<b>Other Income</b>	22	<b>24,79,73,323</b>	<b>11,46,09,290</b>
<b>TOTAL REVENUE</b>		<b>1,73,83,77,227</b>	<b>1,92,77,07,293</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	23	94,11,48,950	1,03,22,20,894
Changes in Inventories of Finished Goods and Work-in-progress - Decrease / (Increase)	24	(1,22,83,850)	3,68,54,285
Employee Benefits Expense	25	16,83,60,870	16,70,70,386
Finance Costs	26	13,77,72,916	11,91,10,052
Depreciation	2 & 12	2,26,83,474	3,05,44,284
Other Expenses	27	53,17,82,844	63,14,44,282
<b>TOTAL EXPENSES</b>		<b>1,78,94,65,204</b>	<b>2,01,72,44,183</b>
<b>Profit / (Loss) Before Tax</b>		<b>(5,10,87,977)</b>	<b>(8,95,36,890)</b>
Tax Expense		-	-
<b>Profit / (Loss) for the year</b>		<b>(5,10,87,977)</b>	<b>(8,95,36,890)</b>
<b>Other Comprehensive Income/(Expense)</b>			
<b>Other Comprehensive Income/(Expense) that will not to be reclassified to Profit or Loss in subsequent periods :</b>			
Re-measurement of Gains/(Losses) on Defined Benefits Obligations		(5,20,724)	(6,19,158)
<b>TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR</b>		<b>(5,16,08,701)</b>	<b>(9,01,56,048)</b>
<b>Earning per Equity Share of Face Value of ₹ 10.00 each</b>	28		
- Basic		(3.85)	(6.74)
- Diluted		(3.85)	(6.74)

**Significant Accounting Policies** 1

The accompanying Notes 1 to 39 are an integral part of the Financial Statements.

As per our report of even date attached  
for Khandelwal & Mehta LLP,  
Chartered Accountants  
Firm Registration Number : W100084

For and on behalf of the Board of Directors,

Sunil Khandelwal  
Partner  
Membership Number : 101388

S. S. Arora  
Whole Time Director  
DIN - 00033825

D. N. Singh  
Director  
DIN - 00021741

H. D. Ramsinghani  
Chairman  
DIN - 00035416

Place : Mumbai  
Date : May 29, 2018

Place : Mumbai  
Date : May 29, 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in ₹)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) Before Tax	(5,16,08,701)	(9,01,56,048)
<b>Adjustments for :</b>		
Depreciation	2,26,83,474	3,05,44,284
Loss / (Profit) on Sale/Disposal of Assets	(13,52,89,664)	1,17,963
Interest Accrued	3,20,35,812	2,17,37,111
Interest Adjustment on Amortised Cost of Debts	(12,00,316)	(95,64,479)
Interest Income	(30,49,164)	(59,05,432)
Bad/doubtful Debts Written Off/Provided	2,25,000	-
Loss/(Gain) on Foreign Exchange Fluctuations	(18,42,366)	(17,38,188)
	<u>(8,64,37,224)</u>	<u>3,51,91,259</u>
<b>Operating Loss Before Working Capital Changes</b>	<b>(13,80,45,925)</b>	<b>(5,49,64,789)</b>
<b>Adjustments for :</b>		
(Increase) / Decrease in Inventories	(1,17,96,788)	7,21,41,809
(Increase) / Decrease in Trade and Other Receivables	(5,40,05,103)	3,11,04,928
Increase / (Decrease) in Trade and Other Payables	4,09,63,161	4,45,29,138
	<u>(2,48,38,730)</u>	<u>14,77,75,875</u>
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(16,28,84,655)</b>	<b>9,28,11,086</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (Including Capital Advances)	(2,30,30,908)	(69,47,976)
Sale of Fixed Assets	16,95,14,785	30,000
Interest Income	30,49,164	59,05,432
(Increase) / Decrease in Non Current Assets	(16,03,309)	(61,61,445)
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>14,79,29,732</b>	<b>(71,73,989)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase / (Decrease) in Non-current Financial Borrowings (Net)	(1,25,06,206)	(3,67,40,486)
Increase / (Decrease) in Current Financial Borrowings (Net)	5,18,11,822	(2,23,05,718)
Interest Paid	(2,99,74,565)	(2,24,43,918)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>93,31,051</b>	<b>(8,14,90,122)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS ( A + B + C )</b>	<b>(56,23,872)</b>	<b>41,46,975</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>1,19,99,827</b>	<b>78,52,852</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>63,75,955</b>	<b>1,19,99,827</b>

The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in the Accounting Standard (IND AS 7) on 'Cash Flow Statement' notified by the Central Government of India.

As per our report of even date attached  
for Khandelwal & Mehta LLP,  
Chartered Accountants  
Firm Registration Number : W100084

For and on behalf of the Board of Directors,

Sunil Khandelwal  
Partner  
Membership Number : 101388

S. S. Arora  
Whole Time Director  
DIN - 00033825

D. N. Singh  
Director  
DIN - 00021741

H. D. Ramsinghani  
Chairman  
DIN - 00035416

Place : Mumbai  
Date : May 29, 2018

Place : Mumbai  
Date : May 29, 2018

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

**A. EQUITY SHARE CAPITAL :**

Balance as at April 01, 2016	13,28,37,430
Change in the Equity Share Capital during the year	-
Balance as at March 31, 2017	13,28,37,430
Balance as at April 01, 2017	13,28,37,430
Change in the Equity Share Capital during the year	-
Balance as at March 31, 2018	13,28,37,430

**B. OTHER EQUITY :**

Particulars	Reserves and Surplus				Total Equity
	Capital Reserve [ Refer Note 12 ]	Share Premium [ Refer Note 12 ]	Interest Subsidy [ Refer Note 12 ]	Retained Earnings [ Refer Note 12 ]	
Balance as at April 01, 2016	9,11,81,436	4,93,64,092	6,36,003	(1,40,52,75,426)	(1,26,40,93,895)
Profit/(Loss) for the year	(5,174)	-	-	(8,95,36,890)	(8,95,42,064)
Other Comprehensive Income for the year	-	-	-	(6,19,158)	(6,19,158)
Total Comprehensive Income for the year	(5,174)	-	-	(9,01,56,048)	(9,01,61,222)
Dividends	-	-	-	-	-
Transferred to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as at March 31, 2017	9,11,76,262	4,93,64,092	6,36,003	(1,49,54,31,474)	(1,35,42,55,117)
Balance as at April 01, 2017	9,11,76,262	4,93,64,092	6,36,003	(1,49,54,31,474)	(1,35,42,55,117)
Profit/(Loss) for the year	(5,174)	-	-	(5,10,87,977)	(5,10,93,151)
Other Comprehensive Income for the year	-	-	-	(5,20,724)	(5,20,724)
Total Comprehensive Income for the year	(5,174)	-	-	(5,16,08,701)	(5,16,13,875)
Dividends	-	-	-	-	-
Transferred to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as at March 31, 2018	9,11,71,088	4,93,64,092	6,36,003	(1,54,70,40,175)	(1,40,58,68,992)

As per our report of even date attached for Khandelwal & Mehta LLP, Chartered Accountants  
Firm Registration Number : W100084

For and on behalf of the Board of Directors,

Sunil Khandelwal  
Partner  
Membership Number : 101388

S. S. Arora  
Whole Time Director  
DIN - 00033825

D. N. Singh  
Director  
DIN - 00021741

H. D. Ramsinghani  
Chairman  
DIN - 00035416

Place : Mumbai  
Date : May 29, 2018

Place : Mumbai  
Date : May 29, 2018

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### CORPORATE INFORMATION

“Rainbow Denim Limited (“the Company”) is a public limited company, incorporated and domiciled in India having its registered office at Village Chaundheri, P. O. Dappar, Ambala-Chandigarh Highway, Lalru, District Mohali, Punjab, India. The equity shares of the Company are listed on BSE Limited. The Company is into manufacturing of Denim Fabric.”)

#### 1. SIGNIFICANT ACCOUNTING POLICIES :

##### A. Basis of preparation of Financial Statements :

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities, which are measured at fair value.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”) and the relevant provisions of the Act as applicable. These financial statements are the first financial statements of the Company under Ind AS. Refer to note for information on first time adoption of Ind AS.

##### B. Current and Non-current Classification :

The normal operating cycle in respect of operation relating to manufacturing of Denim is three months. All assets & liabilities have been classified into current and non-current based on a period of twelve months.

##### C. Fair Value measurement :

The Company’s accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

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

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

Level-1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level-2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level-3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

##### D. Revenue Recognition :

- a. The company follows practice of accounting for all Income and Expenditure on accrual basis.
- b. Export incentives have been recognized in the year of export.

- c. Claims and damages are accounted for to the extent they are reasonably certain and determinable.
- d. Interest income is recognized on accrual basis at effective interest rate.
- e. Dividend income is accounted when right to receive is established.

**E. Property, Plant and Equipment :**

**a. Recognition and measurement :**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment includes purchase price, including freight, duties, taxes and expenses incidental to acquisition and installation. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Property, plant and equipment are derecognized from financial statements, either on disposal or when no economic benefits are expected from its use or disposal. The gain or losses arising from disposal of property, plant and equipment are recognized in the Statement of Profit and Loss in the year of occurrence. Cenvat Credit availed on capital goods and Interest Subsidy under TUF Scheme pertaining to pre-operative period has been credited to respective Capital Reserve Accounts. Depreciation attributable to these reserves has been adjusted there from.

Pre-operative Expenditure comprising of revenue expenditure incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of project cost and are capitalized.

Adjustments arising from foreign exchange variation, attributable to property, plant and equipment, are capitalized.

**b. Subsequent expenditure :**

Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured. All other repair and maintenance costs are recognized in the Statement of Profit and Loss during the year in which they are incurred.

**c. Depreciation :**

Depreciation is provided on the Straight Line Method in the manner prescribed in Schedule II to the Companies Act, 2013 as applicable to the continuous process plant. Depreciation on additions/deletions is provided on pro-rata basis with the reference to the date of addition/deletion as the case may be.

<b>Assets class</b>	<b>Useful life</b>
Buildings	3, 5, 30 and 60 years
Furnitures and Fixtures	10 years
Vehicles	8 years
Computers and Peripherals	3 years
Office and Other Equipments	5 years

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 01 April 2016 measured as per the previous GAAP.

**F. Impairment of Non-Financial Assets :**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing

use of an asset and from its disposal at the end of its useful life. If such recoverable amount of the asset or cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is any indication that any impairment loss recognized for an asset in prior years may no longer exist or may have decreased, the recoverable amount is reassessed and such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**G. Leases :**

Leases in which the Company does not transfer substantially all the risk and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight line basis over the terms of the relevant lease.

**H. Investments :**

Investments in equity shares are recorded at cost and reviewed for impairment at each reporting date.

**I. Financial Instruments :**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

**Financial Assets :**

**Initial Recognition and measurement**

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

**Subsequent measurement**

For the purpose of subsequent measurement, the financial assets are classified as under :

**a. Financial assets at amortised cost**

A financial asset is measured at the amortised cost, if both the following conditions are met :

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in other income using the EIR in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

**b. Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets are classified as FVTOCI, if both of the following criteria are met :

- These assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains or losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Profit or Loss and recognised in other income/(loss).

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

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is recognized in profit or loss and presented net in the Statement of Profit and Loss within other income in the period in which it arises.

**d. Equity Instruments**

All equity instruments other than investments in associates are measured at fair value. Equity instruments which are for trading are classified as FVTPL. All other equity instruments are measured at fair value through other comprehensive income (FVTOCI). The classification is made on initial recognition and is irrevocable.

Where the Company's management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit and loss when the Company's right to receive payments is established.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**Impairment of Financial Assets**

The Company applies 'simplified approach' for recognition of impairment loss on financial assets for loans, deposits and trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime Expected Credit Loss at each reporting date, right from its initial recognition.

**De-recognition**

A financial asset is derecognized when :

- the rights to receive cash flows from the assets have expired or
- the Company has transferred substantially all the risk and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

**Financial Liabilities :**

**Initial Recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

**Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. For trade and other payables maturing within operating cycle, the carrying amounts approximate the fair value due to short maturity of these instruments.

**a. Loans and Borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised

cost using Effective Interest Rate (EIR) method. Gain and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and transaction costs. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**b. De-recognition**

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**Offsetting Financial Instruments**

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

**J. Inventories :**

- a. Work-in-progress are valued at the lower of cost or net realizable value. The cost is computed on weighted average method and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.
- b. Finished Goods are valued at the lower of cost or net realizable value. The cost is computed on weighted average method and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.
- c. Raw Materials and other inventories of Colours, Dyes, Chemicals, Stores, Spares and Packing Materials etc. are valued at the lower of cost or net realizable value. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value. The cost of Raw Materials is computed on specific identification basis and other inventories of Colours, Dyes, Chemicals, Stores, Spares and Packing Materials etc. is computed on FIFO basis.
- d. Stock of Waste and Scrap is valued at estimated net realizable value.

**K. Taxes :**

The tax expense comprises current and deferred tax. Tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or in OCI.

**a. Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

**b. Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amount used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets

are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**L. Employee Benefits :**

**a. Short Term Employee Benefits :**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

**b. Defined Contribution Plans :**

The Company's contribution to Provident Fund, Pension, Superannuation and Employees State Insurance Contribution are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contribution made to the respective fund/scheme and are charged as an expense based on the amount of contribution required to be made.

**c. Defined Benefit Plans :**

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefits obligation is calculated annually by actuaries using the projected unit credit method. Employee Gratuity Fund Scheme is covered by Group Insurance Scheme of Life Insurance Corporation of India

Re-measurement gain and losses arising from experience adjustments, changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (OCI). They are included in retained earnings in the statement of change in equity and in the balance sheet.

**d. Compensated absences :**

The liabilities for accumulated leave are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligation for long term compensated absence is covered by Group Insurance Scheme of Life Insurance Corporation of India.

**M. Borrowing Costs :**

Borrowing cost that is attributable to the acquisition or construction of the qualifying assets is capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of the time to get ready for intended use.

Interest and other costs incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to construction work-in- progress, as part of the cost of the project upto the time all the activities necessary to prepare these projects for its intended use or sale are complete.

All other borrowing costs are recognized as expense in the period in which these are incurred.

**N. Cash and Cash Equivalents :**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand, demand deposit and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**O. Provisions & Contingent Liabilities :**

The Company recognizes a provision when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**P. Earning Per Share :**

Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / (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.

**Q. Custom Duty :**

Liability on account of customs duty on imported materials is accounted in the year in which the goods are cleared from the customs.

**R. Foreign Exchange Transactions :**

- a. Foreign currency transactions which are not covered by forward contracts are accounted for at the exchange rates prevailing on the date of such transactions.
- b. Balances in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year are converted into Indian currency at appropriate rate of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.
- c. Exchange difference in the carrying amount of the Fixed Assets due to change in the rate of exchange of Fixed Assets linked liability denominated in foreign exchange has been adjusted to the book value of the relevant asset.

**USE OF ESTIMATES AND JUDGEMENTS :**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed at each reporting date. Any revision to accounting estimates and assumptions are recognised prospectively i.e. recognised in the period in which the estimate is revised and future periods affected.

Balances in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year are converted into Indian currency at appropriate rate of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.

**a. Recognition and measurement of defined benefit obligations :**

The cost of defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuations using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**b. Fair value measurement of financial instruments :**

When the fair values of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from the observable market, where possible, but where this is not feasible, a review of judgement is required in establishing fair values. Changes in assumptions relating to these assumptions could affect the fair value of financial instruments.

**c. Deferred Taxes :**

Deferred tax is recorded on temporary differences between tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profit during the periods in which those temporary differences and the tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward periods are reduced.

**FIRST ADOPTION OF IND AS :**

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 01, 2016 (the Company's date of transition to Ind AS). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Act ("Indian GAAP" or "previous GAAP"). The effects of the transition to Ind AS on equity and total comprehensive income are presented in this section and are further explained in the following notes.

Ind AS 101 allows first-time adopters certain exemptions/exceptions from the retrospective application of certain requirements under Ind AS. In preparing these financial statements, the Company has applied the following exemptions :

**Ind AS Optional Exemptions :**

**Deemed cost for property, plant and equipment**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value and use that as its deemed cost as at the date of transition (April 01,2016).

**Reconciliation :**

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101 :

**Reconciliation of total equity as at March 31, 2017 and April 1, 2016**

Particulars	Note	As at	As at
		March 31, 2017	April 01, 2016
		(End of last period presented under previous GAAP)	(Date of Transition)
<b>Total Equity under previous GAAP</b>		<b>(1,23,09,82,166)</b>	<b>(1,13,12,56,465)</b>
Adjustment for Fair Valuation of Borrowings	<b>a</b>	95,64,479	-
<b>Total Equity under IND AS</b>		<b>(1,22,14,17,687)</b>	<b>(1,13,12,56,465)</b>

**Reconciliation of total comprehensive income for the year ended March 31, 2017**

Particulars	Year Ended
	March 31, 2017
	₹
<b>Net Profit/(Loss) under Previous IGAAP</b>	<b>(9,97,20,527)</b>
<b>Adjustments :</b>	
- Re-measurement Gains/(Losses) on Defined Benefits Obligations recognised in OCI under IND AS	(6,19,158)
- Increase in Interest Expenses due to measurements of Borrowings at Amortised Cost under IND AS	(9,73,72,941)
- Increase in Interest Income due to measurements of Borrowings at Amortised Cost under IND AS	10,69,37,420
<b>Profit/(Loss) after Tax</b>	<b>(9,07,75,206)</b>
Other Comprehensive Income/(Expense)	(6,19,158)
<b>Total Comprehensive Profit / (Loss)</b>	<b>(9,01,56,048)</b>

**Impact of Ind AS adoption on the Statement of Cash Flow for the year ended March 31, 2017**

There were no material differences between the Cash Flow Statement presented under Ind AS and the previous GAAP.

**NOTES :**

- a. Under the previous GAAP, borrowings were carried at historical value. Under Ind AS, these financial liabilities have been designated as measured at FVTOCI. On the date of transition to Ind AS, these financial liabilities have been measured at their fair value, which is lower than the cost as per the previous GAAP., Fair value changes with respect to changes in liabilities designated as at FVTOCI have been recognized in Other Current Liabilities as at the date of transition and subsequently in the other income for the year ended March 31, 2017
- b. Under Ind AS, remeasurements i.e. actuarial gain and losses and the return on plan assets are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.
- c. Under Ind AS, all items of income and expenses recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit or loss but are shown in the statement of profit and loss as 'Other Comprehensive Income' includes remeasurements of defined benefit plans.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**  
**2. PROPERTY, PLANT AND EQUIPMENT :**

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK			
	As at April 01, 2016	Adjustments/ Additions/ (Deductions)	As at April 01, 2017	Additions during the year	(Deductions)/ Adjustments during the year	As at March 31, 2018	As at April 01, 2016	Adjustments/ Additions/ (Deductions)	As at April 01, 2017	For the year	(Deductions) Adjustments during the year	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>A. Property, Plant and Equipment :</b>														
Freehold Land [including site development]	3,07,55,142	20,80,480	3,28,35,622	-	-	3,28,35,622	-	-	-	-	-	3,28,35,622	3,28,35,622	3,07,55,142
Buildings	35,14,10,536	33,03,995	35,47,14,531	2,22,40,530	(3,69,34,482)	34,00,20,599	16,48,08,887	1,03,22,543	1,03,31,430	(40,03,691)	18,16,59,063	17,95,83,101	18,66,01,649	12,45,07,440
Plant and Machinery	1,59,58,82,274	5,93,924	1,59,64,78,198	-	-	1,59,64,78,198	1,47,13,74,834	1,73,68,389	1,48,87,43,223	95,84,826	1,49,83,28,049	9,81,50,149	10,77,34,975	12,45,07,440
Furniture and Fixtures	1,00,31,109	4,14,816	1,04,45,925	3,40,385	(54,64,555)	53,21,755	91,01,248	2,44,771	93,46,019	1,68,661	45,73,938	7,47,817	10,99,906	9,29,861
Vehicles	1,11,47,051	(4,81,145)	1,06,65,906	-	(23,72,050)	80,93,856	60,42,525	4,74,440	65,16,965	6,10,816	53,26,248	27,67,608	41,48,941	51,04,526
Computers and Peripherals	82,92,893	82,191	83,75,084	2,86,223	-	86,61,307	76,91,161	1,62,756	78,53,917	1,17,936	79,71,853	6,89,454	5,21,167	6,01,732
Office and Other Equipments	27,50,744	2,47,337	29,98,101	1,28,230	-	31,26,351	23,04,630	89,081	25,93,731	78,986	26,72,717	4,53,634	4,04,370	2,46,094
<b>TOTAL (A)</b>	<b>2,01,02,69,749</b>	<b>62,43,618</b>	<b>2,01,65,13,367</b>	<b>2,29,95,408</b>	<b>(4,49,71,087)</b>	<b>1,99,45,37,688</b>	<b>1,66,15,23,345</b>	<b>2,86,61,980</b>	<b>1,69,01,85,285</b>	<b>2,10,92,549</b>	<b>(1,07,45,366)</b>	<b>29,40,05,820</b>	<b>32,63,28,082</b>	<b>34,87,46,444</b>
<b>B. Intangible Assets :</b>														
Computer Software	52,41,522	2,23,213	54,64,735	35,500	-	55,00,235	16,53,834	15,54,396	32,10,130	15,96,099	48,06,229	6,94,006	22,54,605	35,85,688
<b>TOTAL (A + B)</b>	<b>2,01,55,11,271</b>	<b>64,66,831</b>	<b>2,02,19,78,102</b>	<b>2,30,30,908</b>	<b>(4,49,71,087)</b>	<b>2,00,00,37,923</b>	<b>1,66,31,79,139</b>	<b>3,02,16,276</b>	<b>1,69,33,95,415</b>	<b>2,26,88,648</b>	<b>(1,07,45,966)</b>	<b>29,46,99,826</b>	<b>33,85,82,687</b>	<b>35,23,32,132</b>
<b>2.1. Gross Block of Vehicles include cost of vehicle acquired on Hire Purchase basis.</b>												29,50,874	29,50,874	29,50,874

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**3. NON-CURRENT INVESTMENTS (At Cost) :**

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
<b>Investments in Equity Shares (Trade) :</b>						
<b>Unquoted :</b>						
Equity Shares of ₹ 10.00 each in Nimbua Greenfield (Punjab) Limited fully paid up.	28,125	2,81,250	28,125	2,81,250	28,125	2,81,250
<b>Sub-total</b>		<u>2,81,250</u>		<u>2,81,250</u>		<u>2,81,250</u>
<b>Investments in Equity Shares (other than trade) :</b>						
<b>Unquoted (Related Party) :</b>						
Equity Shares of ₹ 10.00 each in Rama Industries Limited fully paid up.	43,440	4,34,400	43,440	4,34,400	43,440	4,34,400
Less : Provision for diminution in value of Investments		<u>4,33,400</u>		<u>4,33,400</u>		<u>4,33,400</u>
<b>Sub-total</b>		<u>1,000</u>		<u>1,000</u>		<u>1,000</u>
<b>TOTAL NON-CURRENT INVESTMENTS</b>		<u>2,82,250</u>		<u>2,82,250</u>		<u>2,82,250</u>
<b>Aggregate value of unquoted Investments :</b>						
At Cost price		7,15,650		7,15,650		7,15,650

**4. OTHER NON-CURRENT FINANCIAL ASSETS :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
<b>Balances with Banks :</b>			
in Deposit Accounts against Margin Money with more than 12 months maturity. [Refer Note 8]	24,10,496	25,10,496	5,00,000
Interest Receivable	3,01,553	1,15,238	17,127
Security Deposits	2,54,65,195	2,54,65,195	2,52,95,195
Taxes Paid and Refund Receivable	42,43,261	22,55,760	2,46,952
<b>TOTAL OTHER NON-CURRENT FINANCIAL ASSETS</b>	<u>3,24,20,505</u>	<u>3,03,46,689</u>	<u>2,60,59,274</u>

**5. OTHER NON-CURRENT ASSETS :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Prepaid Expenses	14,16,409	18,86,916	12,886
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<u>14,16,409</u>	<u>18,86,916</u>	<u>12,886</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**6. INVENTORIES :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Raw Materials	2,13,03,343	2,01,43,499	5,19,70,707
Work-in-progress	5,64,90,092	7,71,55,807	10,04,19,520
Finished Goods	5,28,08,595	1,88,81,580	3,34,35,513
Colours, Dyes and Chemicals	55,76,356	84,32,326	1,19,70,286
Stores, Packing Materials and Consumables	1,50,26,562	1,38,17,498	1,37,39,854
Waste and Scrap	65,805	10,43,255	79,894
<b>TOTAL INVENTORIES</b>	<b>15,12,70,753</b>	<b>13,94,73,965</b>	<b>21,16,15,774</b>

- 6.1** *Work-in-progress are valued at the lower of cost or net realizable value. The cost is computed on weighted average method and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.*
- 6.2** *Finished Goods are valued at the lower of cost or net realizable value. The cost is computed on weighted average method and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.*
- 6.3** *Raw Materials and other inventories of Colours, Dyes, Chemicals, Stores, Spares and Packing Materials etc. are valued at the lower of cost or net realizable value. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value. The cost of Raw Materials is computed on specific identification basis and other inventories of Colours, Dyes, Chemicals, Stores, Spares and Packing Materials etc. is computed on FIFO basis.*
- 6.4** *Stock of Waste and Scrap is valued at estimated net realizable value.*

**7. TRADE RECEIVABLES :**

[Unsecured]

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Considered good	40,58,45,005	37,87,03,746	33,58,69,172
Considered doubtful	39,95,724	37,70,724	37,70,724
	40,98,40,729	38,24,74,470	33,96,39,896
Less : Provision for Doubtful Debts	(39,95,724)	(37,70,724)	(37,70,724)
<b>TOTAL TRADE RECEIVABLES</b>	<b>40,58,45,005</b>	<b>37,87,03,746</b>	<b>33,58,69,172</b>

**8. CASH AND CASH EQUIVALENTS :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
<b>A. Cash and Cash Equivalents :</b>			
<b>Balances with Banks :</b>			
in Current Accounts	51,69,804	1,09,02,200	39,76,181
<b>Cash Balance on Hand</b>	<b>11,06,151</b>	<b>10,97,627</b>	<b>22,76,671</b>
<b>TOTAL (A)</b>	<b>62,75,955</b>	<b>1,19,99,827</b>	<b>62,52,852</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>B. Bank balances other than Cash and Cash Equivalents :</b>			
in Deposit Accounts against Margin Money			
- Maturity upto 12 months	1,00,000	-	16,00,000
- Maturity above 12 months	24,10,496	25,10,496	5,00,000
	<u>25,10,496</u>	<u>25,10,496</u>	<u>21,00,000</u>
Less : Amount disclosed under other Non-current Assets [Refer Note 4]	(24,10,496)	(25,10,496)	(5,00,000)
<b>TOTAL ( B )</b>	<u>1,00,000</u>	<u>-</u>	<u>16,00,000</u>
<b>TOTAL ( A + B )</b>	<u>63,75,955</u>	<u>1,19,99,827</u>	<u>78,52,852</u>

**9. OTHER CURRENT FINANCIAL ASSETS :**

[Unsecured, considered good]

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Export Incentives Receivables	56,54,001	36,07,457	23,31,217
Balance with Government Authorities	2,31,81,140	48,965	2,365
Other Loans and Advances	12,63,578	14,85,760	15,40,936
<b>TOTAL OTHER CURRENT FINANCIAL ASSETS</b>	<u>3,00,98,719</u>	<u>51,42,182</u>	<u>38,74,518</u>

**10. OTHER CURRENT ASSETS :**

[Unsecured, considered good]

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Advances for Supply of Goods and Services	1,31,46,677	93,72,792	8,36,03,400
Prepaid Expenses	15,46,590	17,95,802	10,34,172
<b>TOTAL OTHER CURRENT ASSETS</b>	<u>1,46,93,267</u>	<u>1,11,68,594</u>	<u>8,46,37,572</u>
<b>10.1 Advances for supply of goods and Services includes given to related party.</b>	<u>1,29,36,091</u>	<u>96,66,839</u>	<u>8,08,29,903</u>

**11. EQUITY SHARE CAPITAL :**

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
<b>AUTHORISED :</b>						
Equity Shares of ₹ 10.00 each	<u>2,70,00,000</u>	<u>27,00,00,000</u>	<u>2,70,00,000</u>	<u>27,00,00,000</u>	<u>2,70,00,000</u>	<u>27,00,00,000</u>
	<u>2,70,00,000</u>	<u>27,00,00,000</u>	<u>2,70,00,000</u>	<u>27,00,00,000</u>	<u>2,70,00,000</u>	<u>27,00,00,000</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP :</b>						
Equity Shares of ₹ 10.00 each fully paid-up	<u>1,32,83,743</u>	<u>13,28,37,430</u>	<u>1,32,83,743</u>	<u>13,28,37,430</u>	<u>1,32,83,743</u>	<u>13,28,37,430</u>
<b>TOTAL</b>	<u>1,32,83,743</u>	<u>13,28,37,430</u>	<u>1,32,83,743</u>	<u>13,28,37,430</u>	<u>1,32,83,743</u>	<u>13,28,37,430</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

<b>11.1 Details of Shareholders holding more than 5% Shares :</b>	<b>Number of Shares</b>	<b>% of holding</b>	<b>Number of Shares</b>	<b>% of holding</b>	<b>Number of Shares</b>	<b>% of holding</b>
a. Rainbow Agri Industries Limited	<b>60,00,000</b>	<b>45.17</b>	60,00,000	45.17	60,00,000	45.17
b. Silver Eagle INC.	<b>25,17,435</b>	<b>18.95</b>	25,17,435	18.95	25,17,435	18.95

**11.2 Reconciliation of number of shares outstanding is set out below :**

Equity Shares outstanding at the beginning of the year	<b>1,32,83,743</b>	1,32,83,743	1,32,83,743
Add : Shares issued during the year	-	-	-
Less : Shares cancelled during the year	-	-	-
Equity Shares outstanding at the end of the year	<b>1,32,83,743</b>	1,32,83,743	1,32,83,743

**11.3 Terms / Rights attached to Equity Shares :**

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of share holders in the ensuing Annual General Meeting.

In the event of the liquidation of the Company, the holder of Equity Shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of Equity Shares held by the share holders.

**12. OTHER EQUITY :**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>
<b>Capital Reserve :</b>			
Balance as per last financial statements	<b>9,11,76,262</b>	9,11,81,436	9,11,86,624
Adjustment for Depreciation	<b>(5,174)</b>	(5,174)	(5,188)
Balance at the end of the year	<b>9,11,71,088</b>	9,11,76,262	9,11,81,436
<b>Share Premium Account :</b>			
Balance as per last financial statements	<b>4,93,64,092</b>	4,93,64,092	4,93,64,092
<b>Interest Subsidy :</b>			
Balance as per last financial statements	<b>6,36,003</b>	6,36,003	6,36,003
<b>Surplus / (Deficit) in Statement of Profit and Loss :</b>			
Balance as per last financial statements	<b>(1,49,54,31,474)</b>	(1,40,52,75,426)	(1,30,80,10,191)
Net Profit/(Net Loss) for the year	<b>(5,10,87,977)</b>	(8,95,36,890)	(9,81,71,671)
Other Comprehensive Income/(Expense) for the year	<b>(5,20,724)</b>	(6,19,158)	9,06,436
Balance at the end of the year	<b>(1,54,70,40,175)</b>	(1,49,54,31,474)	(1,40,52,75,426)
<b>TOTAL OTHER EQUITY</b>	<b>(1,40,58,68,992)</b>	(1,35,42,55,117)	(1,26,40,93,895)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**13. NON-CURRENT BORROWINGS :**

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹	₹	₹
	Non-current	Current Maturities	Non-current	Current Maturities	Non-current	Current Maturities
<b>Secured :</b>						
Term Loan from Bank [Refer Note 13.1]	17,00,244	-	23,99,132	-	21,31,598	-
Other Loans [Refer Note 13.2] Against Hire Purchase of Vehicles [Refer Note 13.3]	82,16,11,182	10,80,00,000	80,53,97,190	15,98,78,000	90,56,14,309	19,15,82,000
	-	2,50,779	2,50,772	4,06,213	6,56,981	3,70,490
<b>Total Secured Non-current Borrowings</b>	<b>82,33,11,426</b>	<b>10,82,50,779</b>	<b>80,80,47,094</b>	<b>16,02,84,213</b>	<b>90,84,02,888</b>	<b>19,19,52,490</b>
<b>Unsecured :</b>						
Loans and Advances from others [Refer Note 13.4]	13,00,00,000	-	-	-	-	-
<b>Total Unsecured Non-current Borrowings</b>	<b>13,00,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NON-CURRENT BORROWINGS</b>						
<b>Less : Disclosed under Other Current Liabilities [Refer Note 17]</b>		<b>(10,82,50,779)</b>		<b>(16,02,84,213)</b>		<b>(19,19,52,490)</b>
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>95,33,11,426</b>	<b>10,82,50,779</b>	<b>80,80,47,094</b>	<b>16,02,84,213</b>	<b>90,84,02,888</b>	<b>19,19,52,490</b>

**13.1** Term Loan from Bank is secured by First Charge ranking parri-passu on all movable and immovable assets, present and future (Subject to charge on specified movables created/to be created in favour of Company's Bankers to secure Working Capital) and personal guarantee of Managing Director and erstwhile Director of the Company. Further, Term Loan is also secured by Corporate guarantee and First Charge on immovable properties of Rama Petrochemicals Limited. Maturity profile and Rate of interest of Term Loan is as set out below :

Year / Rate of Interest per annum	0.00%
2019-20	-
2020-21	8,941
2021-22	10,08,941
2022-23	10,08,941
2023-24	10,08,941
2024-25	2,52,236

The Company has defaulted in payment of Principal and Interest of ₹ Nil (Previous Year - ₹ Nil)

**13.2** Loans taken from Export Import Bank of India assigned to Edelweiss Asset Reconstruction Company Limited (EARC), Loans taken from IDBI Bank Limited assigned to Assets Care & Reconstruction Enterperise Limited (ACRE), Loans taken from Bank of India assigned to Assets Care & Reconstruction Enterperise Limited (ACRE) and Loans taken from Dena Bank assigned to Assets Care & Reconstruction Enterperise Limited (ACRE) are secured by First Charge ranking parri-passu on all movable and immovable assets, present and future (Subject to charge on specified movables created/to be created in favour of Company's Bankers to secure Working Capital) and personal guarantee of Managing Director and erstwhile Director of the Company and pledge of investments by other companies. Further, the loan is also secured by Corporate guarantee and First Charge on immovable properties of Rama Petrochemicals Limited. Maturity profile and Rate of interest of Term Loans are as set out below :

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Year / Rate of Interest per annum	0.00%
2019-20	12,75,00,000
2020-21	15,20,00,000
2021-22	32,58,17,464
2022-23	28,67,92,649
2023-24	45,54,32,518

The Company has defaulted in payment of Principal and Interest of ₹ 1,15,00,000 (Previous Year - ₹ 4,42,12,000) Loan from Disha Infin Consultants Private Limited is repayable in single installment on September 30, 2019 and carries interest @ 18% p.a. (Previous Year @ 18% p.a.). The loan is secured by equitable mortgage over Office Premises of the Company and personal guarantees of erstwhile Directors of the Company.

**13.3** Loan from Toyota Financial Services India Limited is repayable in Equated Monthly Installments till October, 2018 and carry interest @ 9.24% p.a. The loan is secured by hypothecation of motor vehicle purchased there against.

**13.4** Loan from Nitrex Logistics Private Limited is repayable in single installment on October 07, 2020 and carries interest @ 9% p.a. (Previous Year - Nil)

**14. OTHER NON-CURRENT FINANCIAL LIABILITIES :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Security Deposits	50,000	5,81,482	4,71,246
<b>TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>50,000</b>	<b>5,81,482</b>	<b>4,71,246</b>

**15. CURRENT BORROWINGS :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
<b>Secured :</b>			
<b>Working Capital Loans from Bank</b>	<b>3,91,40,364</b>	1,73,28,542	46,34,260
<i>(Secured by hypothecation of Raw Materials, Semi Finished Goods, Finished Goods, Stores and Spares and Book Debts and second parri-passu charge on movable Plant and Machinery and immovable properties of the Company. Further, Working Capital Loans are secured by personal guarantee of Managing Director and erstwhile Director of the Company and Corporate guarantee of Rama Petrochemicals Limited)</i>			
<b>Total Secured Current Borrowings</b>	<b>3,91,40,364</b>	1,73,28,542	46,34,260
<b>Unsecured :</b>			
Loans and Advances from Others	3,00,00,000	-	3,50,00,000
<b>Total Unsecured Current Borrowings</b>	<b>3,00,00,000</b>	-	3,50,00,000
<b>TOTAL CURRENT BORROWINGS</b>	<b>6,91,40,364</b>	1,73,28,542	3,96,34,260

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**15.1 Rate of interest on Working Capital Loans from Bank are set out below :**

- Rate of Interest per annum	9.75%	9.75%	9.00%
- Amount Outstanding in Cash Credit Account	<b>1,59,34,013</b>	49,78,682	46,34,260
- Rate of Interest per annum (Net)	<b>6.50%</b>	6.50%	
- Amount Outstanding in Foreign Bills Discounting Account	<b>2,32,06,351</b>	1,23,49,860	

**16. TRADE PAYABLES :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Total outstanding dues of Micro and Small Enterprises	-	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	<u>52,64,86,522</u>	48,59,54,240	44,37,54,122
<b>TOTAL TRADE PAYABLES</b>	<u><b>52,64,86,522</b></u>	<u>48,59,54,240</u>	<u>44,37,54,122</u>

**16.1** On the basis of information available with the Company of vendors' status being Micro, Small and Medium Enterprises, as defined under The Micro, Small and Medium Enterprises Development Act, 2006, the company has not received any information from its suppliers as on date regarding their status under the above said Act and hence, no disclosure has been made.

**17. OTHER CURRENT FINANCIAL LIABILITIES :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Current Maturities of Long Term Debts [Refer Note 13]	<b>10,82,50,779</b>	16,02,84,213	19,19,52,490
Interest Accrued but not Due	<b>20,61,247</b>	-	7,06,807
Statutory Dues	<b>32,48,299</b>	37,52,562	36,80,377
Employee Dues	<b>1,62,83,030</b>	1,62,18,732	1,61,56,340
Other Liabilities	<b>81,00,000</b>	81,00,000	81,00,000
<b>TOTAL OTHER CURRENT FINANCIAL LIABILITIES</b>	<u><b>13,79,43,355</b></u>	<u>18,83,55,507</u>	<u>22,05,96,014</u>

**18. CURRENT PROVISIONS :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Provision for Employee Benefits [Refer Note 25]	<b>61,54,666</b>	41,50,190	26,58,208
<b>TOTAL CURRENT PROVISIONS</b>	<u><b>61,54,666</b></u>	<u>41,50,190</u>	<u>26,58,208</u>

**19. OTHER CURRENT LIABILITIES :**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹
Amortised Cost of Debts	<b>51,67,54,410</b>	62,36,91,830	53,79,72,724
Advances from Customers	<b>2,93,508</b>	8,95,658	3,03,433
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<u><b>51,70,47,918</b></u>	<u>62,45,87,488</u>	<u>53,82,76,157</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**20. SALE OF FINISHED GOODS :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Sale of Denim Fabric	1,47,51,68,840	1,80,13,52,036
<b>TOTAL SALE OF PRODUCTS</b>	<b>1,47,51,68,840</b>	<b>1,80,13,52,036</b>

**21. OTHER OPERATING REVENUES :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Sale of Waste and Other Materials	1,02,63,887	67,58,284
Export Incentives	49,71,177	49,87,683
<b>TOTAL OTHER OPERATING REVENUES</b>	<b>1,52,35,064</b>	<b>1,17,45,967</b>

**22. OTHER INCOME :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Gain on Foreign Exchange Fluctuations (Net)	18,42,366	17,38,188
Profit on Sale of Assets (Net)	13,52,89,664	-
Interest Income	30,49,164	59,05,432
Interest on Amortised Cost of Debts	10,69,37,420	10,69,37,420
Miscellaneous Income	8,54,709	28,250
<b>TOTAL OTHER INCOME</b>	<b>24,79,73,323</b>	<b>11,46,09,290</b>

**23. COST OF MATERIALS CONSUMED :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Opening Stock	2,01,43,499	5,19,70,707
Add : Purchases	94,23,08,794	1,00,03,93,686
	96,24,52,293	1,05,23,64,393
Less : Closing Stock	2,13,03,343	2,01,43,499
<b>TOTAL MATERIALS CONSUMED</b>	<b>94,11,48,950</b>	<b>1,03,22,20,894</b>

**24. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS - DECREASE / (INCREASE) :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>Finished Goods :</b>		
Closing Stocks	5,28,08,595	1,88,81,580
Opening Stocks	1,88,81,580	3,34,35,513
<b>Decrease / (Increase) in Finished Goods</b>	<b>(3,39,27,015)</b>	<b>1,45,53,933</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>Work-in-progress :</b>		
Closing Stocks	5,64,90,092	7,71,55,807
Opening Stocks	7,71,55,807	10,04,19,520
<b>Decrease / (Increase) in Work-in-progress</b>	<b>2,06,65,715</b>	<b>2,32,63,713</b>
<b>Waste :</b>		
Closing Stocks	65,805	10,43,255
Opening Stocks	10,43,255	79,894
<b>Decrease / (Increase) in Waste</b>	<b>9,77,450</b>	<b>(9,63,361)</b>
<b>DECREASE / (INCREASE) IN INVENTORIES</b>	<b>(1,22,83,850)</b>	<b>3,68,54,285</b>

**25. EMPLOYEE BENEFITS EXPENSE :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
Salary and Wages (Including Contractual Workmen)	14,73,42,047	14,69,35,284
Contribution to Provident Fund and Other Funds	1,93,79,753	1,85,49,745
Staff Welfare Expenses	16,39,070	15,85,357
<b>TOTAL EMPLOYEE BENEFITS EXPENSE</b>	<b>16,83,60,870</b>	<b>16,70,70,386</b>

**25.1** Due to inadequacy of profits, no commission is payable to Directors. Hence computation of Net Profit U/S 198 of The Companies Act, 2013 is not required.

**25.2** Consequent to the adoption of Accounting Standard (IND AS 19) on Employee Benefits issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the standards :

**a. Short Term Employee Benefits :**

All employee benefits falling due wholly within twelve months of rendering the service like salaries, wages, short term compensated absences etc. and the expected cost of bonus are recognized on accrual basis.

**b. Post-Employment Benefits :**

**Defined Contribution Plans :**

The Company has recognized the following amounts in the Statement of Profit and Loss for Defined Contribution Plans :

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
- Provident Fund	1,07,28,782	1,09,58,077
- Employees' State Insurance	45,83,077	41,28,982

The Company's Provident Fund and Employee's State Insurance Plan are administered under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Employees' State Insurance Act, 1948 respectively.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The details of Company's Gratuity Fund and Long Term Leave Encashment/Compensated Absences Fund are given below, which are managed by Life Insurance Corporation of India :

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	₹	₹	₹	₹
<b>Principal Actuarial Assumptions :</b>				
Discount rate	8.00%	8.00%	8.00%	8.00%
Salary escalation rate	7.00%	7.00%	7.00%	7.00%
<b>Changes in present value of the obligation :</b>				
Present value of the Obligation at the beginning of the year	1,68,98,544	32,01,589	1,37,47,923	34,11,013
Interest Cost	13,51,884	2,56,127	10,99,834	2,72,881
Current Service Cost	37,78,559	35,11,109	32,21,163	12,68,718
Benefits Paid	(19,91,129)	(8,54,026)	(17,89,534)	(6,93,279)
Actuarial (Gain) / Loss on Obligation	5,20,724	(18,19,530)	6,19,158	(10,57,744)
Present value of Obligation at year end	2,05,58,582	42,95,269	1,68,98,544	32,01,589
<b>Changes in the fair value of Plan Assets</b>				
Fair value of Plan Assets at the beginning of year	1,29,95,374	29,54,569	1,13,50,833	31,49,895
Expected return on Plan Assets	12,33,249	2,10,958	10,36,985	2,36,835
Contribution	39,03,170	2,47,020	23,97,090	2,61,118
Benefits Paid	(19,91,129)	(8,54,026)	(17,89,534)	(6,93,279)
Actuarial gain/(loss) on Plan Assets	-	-	-	-
Fair value of Plan Assets at the end of year	1,61,40,664	25,58,521	1,29,95,374	29,54,569
<b>Actuarial Gain / (Loss) recognized :</b>				
Actuarial Gain / (Loss) for the year				
- Obligation	(5,20,724)	18,19,530	(6,19,158)	10,57,744
- Plan Assets	-	-	-	-
Total Gain / (Loss) for the year	(5,20,724)	18,19,530	(6,19,158)	10,57,744
Actual Gain / (Loss) recognized in the year	(5,20,724)	18,19,530	(6,19,158)	10,57,744
<b>Amount to be recognized in the Balance Sheet :</b>				
Present value of Obligation at year end	2,05,58,582	42,95,269	1,68,98,544	32,01,589
Fair value of Plan Assets at year end	1,61,40,664	25,58,521	1,29,95,374	29,54,569
Funded status	(44,17,918)	(17,36,748)	(39,03,170)	(2,47,020)
Net Asset / (Liability) recognized in the Balance Sheet	(44,17,918)	(17,36,748)	(39,03,170)	(2,47,020)
<b>Expenses recognized in the Statement of Profit and Loss :</b>				
Current Service Cost	37,78,559	35,11,109	32,21,163	12,68,718
Interest Cost	13,51,884	2,56,127	10,99,834	2,72,881
Expected return on Plan Assets	(12,33,249)	(2,10,958)	(10,36,985)	(2,36,835)
Actuarial (Gain) / Loss recognized in the year	5,20,724	(18,19,530)	6,19,158	(10,57,744)
Expenses recognized in the Statement of Profit and Loss	44,17,918	17,36,748	39,03,170	4,05,971

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**26. FINANCE COSTS :**

<b>Particulars</b>	<b>For the year ended March 31, 2018 ₹</b>	<b>For the year ended March 31, 2017 ₹</b>
Interest Expenses	<b>3,20,35,812</b>	2,17,37,111
Interest on Amortised Cost of Debts	<b>10,57,37,104</b>	9,73,72,941
<b>TOTAL FINANCE COSTS</b>	<b>13,77,72,916</b>	11,91,10,052

**27. OTHER EXPENSES :**

<b>Particulars</b>	<b>For the year ended March 31, 2018 ₹</b>	<b>For the year ended March 31, 2017 ₹</b>
<b>Manufacturing Expenses :</b>		
Colours, Dyes and Chemicals Consumed	<b>17,50,28,065</b>	23,92,20,643
Stores, Spares, Packing and Consumables Consumed	<b>2,80,10,637</b>	3,88,91,374
Power and Fuel Expenses	<b>18,89,66,111</b>	20,20,30,909
Job Work Charges	<b>3,47,12,083</b>	3,28,54,902
Insurance Expenses	<b>14,35,913</b>	15,54,317
Repairs and Maintenance :		
- Buildings	<b>5,31,737</b>	9,97,315
- Plant and Machinery	<b>69,16,320</b>	65,09,858
<b>Total Manufacturing Expenses</b>	<b>43,56,00,866</b>	52,20,59,318
<b>Administrative Expenses :</b>		
Travelling and Conveyance Expenses	<b>64,05,173</b>	63,95,758
Rental and Hiring Charges	<b>85,81,288</b>	84,59,945
Postage and Courier Expenses	<b>8,52,497</b>	8,25,579
Printing and Stationery	<b>23,65,816</b>	22,96,972
Rates, Fee and Taxes	<b>21,56,057</b>	21,40,843
Loss on Sale/Disposal of Fixed Assets (Net)	-	1,17,963
Professional and Legal Expenses	<b>1,45,90,595</b>	2,68,92,508
Telecommunication Expenses	<b>13,22,345</b>	14,31,222
Directors' Sitting Fee	<b>86,000</b>	86,000
Auditors' Remuneration :		
- for Audit Fee	<b>3,03,719</b>	3,85,250
- for Taxation Matters	<b>63,750</b>	86,250
- for Other Services	<b>1,56,250</b>	3,24,738
- for Re-imburement of Expenses	<b>1,457</b>	81,296
Advertisement and Publicity Expenses	<b>1,63,915</b>	2,16,449
Repairs and Maintenance to Others	<b>21,57,792</b>	26,66,310
Running and Maintenance to Vehicles	<b>17,22,851</b>	29,51,585
Financial Charges	<b>6,49,728</b>	10,71,462
Other Expenses	<b>60,62,751</b>	1,19,57,249
<b>Total Administrative Expenses</b>	<b>4,76,41,984</b>	6,83,87,379

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
<b>Selling and Distribution Expenses :</b>		
Freight and Forwarding Expenses	91,64,981	58,70,077
Sales Commission	43,43,005	18,02,114
Rebate, Discounts and Claims	2,91,07,928	2,67,20,979
Provision for Doubtful Debts	2,25,000	-
Other Selling and Distribution Expenses	56,99,080	66,04,415
<b>Total Selling and Distribution Expenses</b>	<b>4,85,39,994</b>	<b>4,09,97,585</b>
<b>TOTAL OTHER EXPENSES</b>	<b>53,17,82,844</b>	<b>63,14,44,282</b>

**28. EARNING PER EQUITY SHARE :**

Particulars	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
a. Net Profit/ (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(5,10,87,977)	(8,95,36,890)
b. Number of Equity Shares outstanding	1,32,83,743	1,32,83,743
c. Weighted Average Number of Equity Shares outstanding during the year	1,32,83,743	1,32,83,743
d. Weighted Average Number of Equity Shares considered for diluted earning	1,32,83,743	1,32,83,743
e. Face Value per Equity Share	10.00	10.00
f. Basic Earning per Equity Share	(3.85)	(6.74)
g. Diluted Earning per Equity Share	(3.85)	(6.74)

**28.1** EPS is calculated by dividing the profit/(loss) attributable to the Equity Share holders by weighted average number of Equity Shares outstanding during the year.

**28.2** For the purpose of calculating diluted earnings per share, the net profit/(loss) for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares, except when the results would be anti-dilutive.

**29. RELATED PARTIES DISCLOSURE :**

As per the Accounting Standard on “Related Party Disclosures” (IND AS 24) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows :

**a. Names of Related Parties and Related Party Relationship :**

Relationship	Related Parties
(i) Associates	Rainbow Agri Industries Limited
(ii) Entities having significant influence over the enterprise.	Silver Eagle Inc.
(iii) Key managerial personnel (KMP)	Mr. H. D. Ramsinghani - Chairman
	Mr. S. S. Arora - Whole Time Director
(iv) Relative to Key Managerial Personnel.	Ms. N. H. Ramsinghani - Director
(v) Enterprises over which Key Managerial Personnel are able to exercise significant influence.	Rama Phosphate Limited
	Rama Petrochemicals Limited
	Rama Industries Limited
	Rama Capital & Fiscal Services Private Limited
	Blue Lagoon Investments Private Limited
	Nova Gelicon Private Limited
(vi) Non-executive/Independent Directors	Mr. D. N. Singh - Director
	Mr. N. R. Joshi - Director
	Mr. R. G. Kulkarni - Director

**Related party relationship is as identified by the Company and relied upon by the Auditors.**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**b. Transactions with Related Parties :**

Nature of Transactions (Excluding reimbursements)	Associates	KMP / Relatives	Enterprises	Others	Total
	( i ) & ( ii )	( iii ) & ( iv )	( v )	( vi )	( i ) to ( vi )
	₹	₹	₹	₹	₹
Purchases/Materials Consumed	<b>14,61,01,698</b>				<b>14,61,01,698</b>
	(14,91,59,564)				(14,91,59,564)
Sale of Tangible and Intangible Assets	<b>16,89,10,000</b>				<b>16,89,10,000</b>
Interest Income Written Off					
			(34,08,412)		(34,08,412)
Finance Cost			<b>38,630</b>		<b>38,630</b>
Rental and Hiring Charges			<b>1,16,095</b>		<b>1,16,095</b>
			(1,14,945)		(1,14,945)
Directors' Remuneration		<b>26,88,000</b>			<b>26,88,000</b>
		(26,88,000)			(26,88,000)
Directors' Sitting Fee		<b>22,000</b>		<b>64,000</b>	<b>86,000</b>
		(6,000)		(80,000)	(86,000)
Interest Income			<b>10,00,932</b>		<b>10,00,932</b>
			(34,08,412)		(34,08,412)
Loans Taken			<b>1,10,00,000</b>		<b>1,10,00,000</b>
Loans Repaid			<b>1,10,00,000</b>		<b>1,10,00,000</b>
Loans Given			<b>7,50,00,000</b>		<b>7,50,00,000</b>
			(20,00,00,000)		(20,00,00,000)
Loans Received Back			<b>7,50,00,000</b>		<b>7,50,00,000</b>
			(20,00,00,000)		(20,00,00,000)

Figures in parentheses represents Previous Year's amounts.

**29.1 Disclosure in respect of Related Party transactions :**

Disclosure in respect of Related Party transactions :	Relationship	For the year ended	For the year ended
		March 31, 2018	March 31, 2017
		₹	₹
<b>Purchases/Materials Consumed :</b>			
Rainbow Agri Industries Limited	Associates	<b>14,61,01,698</b>	14,91,59,564
<b>Sale of Tangible and Intangible Assets :</b>			
Rainbow Agri Industries Limited	Associates	<b>16,89,10,000</b>	-
<b>Interest Income Written Off :</b>			
Rama Petrochemicals Limited	Enterprises	-	34,08,412
<b>Finance Cost :</b>			
Rama Phosphates Limited	Enterprises	<b>38,630</b>	-
<b>Rental Expenses :</b>			

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Disclosure in respect of Related Party transactions :	Relationship	For the year ended	For the year ended
		March 31, 2018	March 31, 2017
		₹	₹
Rama Industries Limited	Enterprises	1,16,095	1,14,945
<b>Directors' Remuneration :</b>			
Mr. S. S. Arora	KMP / Relatives	26,88,000	26,88,000
<b>Sitting Fee to Directors :</b>			
Mr. H. D. Ramsinghani	KMP / Relatives	14,000	-
Mr. S. S. Arora	Others	2,000	14,000
Mr. D. N. Singh	Others	22,000	24,000
Mr. N. R. Joshi	Others	20,000	16,000
Mr. R. G. Kulkarni	Others	20,000	20,000
Ms. N. H. Ramsinghani	KMP / Relatives	8,000	6,000
Mr. Mahender Lodha	Others	-	6,000
<b>Interest Income :</b>			
Rama Petrochemicals Limited	Enterprises	-	34,08,412
Rama Phosphates Limited	Enterprises	10,00,932	-
<b>Loan Taken :</b>			
Rama Industries Limited	Enterprises	95,00,000	-
Rama Phosphates Limited	Enterprises	15,00,000	-
<b>Loan Repaid :</b>			
Rama Industries Limited	Enterprises	95,00,000	-
Rama Phosphates Limited	Enterprises	15,00,000	-
<b>Loan Given :</b>			
Rama Phosphates Limited	Enterprises	7,50,00,000	-
Rama Petrochemicals Limited	Enterprises	-	20,00,00,000
<b>Loan Received Back :</b>			
Rama Phosphates Limited	Enterprises	7,50,00,000	-
Rama Petrochemicals Limited	Enterprises	-	20,00,00,000

Outstandings at the close of the year on account of :	Relationship	As at	As at	As at
		March 31, 2018	March 31, 2017	March 31, 2016
		₹	₹	₹
<b>Advances for Supplies :</b>				
Rainbow Agri Industries Limited	Associates	1,19,36,091	86,66,839	8,08,29,903
<b>Loans and Advances :</b>				
Rama Petrochemicals Limited	Enterprises	10,00,000	10,00,000	
<b>Investments (Net of provisions) :</b>				
Rama Industries Limited	Enterprises	1,000	1,000	1,000

Directors' Remuneration excludes provision for compensated leave and gratuity as separate actuarial valuation is not available.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**Terms and conditions of transaction with related parties :**

The sale and purchase transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.

**30. DEFERRED TAXATION :**

The Major components of Deferred Tax Assets / (Liability), based upon tax returns filed and assessment orders received, arising on account of timing difference are as under :

Particulars	As at	As at	As at
	March 31, 2018	March 31, 2017	March 31, 2016
	₹	₹	₹
<b>Deferred Tax Liability :</b>			
Property, Plant and Equipment	3,50,77,384	2,34,16,083	2,21,04,819
<b>Deferred Tax Assets :</b>			
Disallowance u/s 43B of Income-tax Act, 1961	9,28,68,147	12,15,37,918	13,18,39,753
Unabsorbed Depreciation and Business Loss	44,23,30,232	45,63,06,385	41,71,33,647
Temporary difference on Fair Value of Debts	3,12,082	29,55,424	-
Provision for Doubtful Receivables	10,38,888	11,65,154	11,65,154
<b>Net Deferred Tax Assets</b>	<b>50,14,71,965</b>	<b>55,85,48,798</b>	<b>52,80,33,735</b>

Net Deferred Tax Assets are not recognized in absence of virtual certainty that sufficient future taxable income will be available to realize the same, as per Accounting Standard (IND AS 12) issued by The Institute of Chartered Accountants of India.

**31. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT :**

**31.1 Accounting Classification :**

The carrying value of financial instruments by categories are as follows :

Particulars	As at	As at	As at
	March 31, 2018	March 31, 2017	March 31, 2016
	₹	₹	₹
<b>Financial Assets :</b>			
Investments	2,82,250	2,82,250	2,82,250
Trade Receivables	40,58,45,005	37,87,03,746	33,58,69,172
Cash and Cash Equivalents	63,75,955	1,19,99,827	78,52,852
Other Financial Assets	6,25,19,224	3,54,88,871	2,99,33,792
<b>Total Financial Assets</b>	<b>47,50,22,434</b>	<b>42,64,74,694</b>	<b>37,39,38,066</b>
<b>Financial Liabilities :</b>			
Borrowings	1,13,07,02,569	98,56,59,849	1,13,99,89,638
Trade Payables	52,64,86,522	48,59,54,240	44,37,54,122
Other Financial Liabilities	2,97,42,576	2,86,52,776	2,91,14,770
<b>Total Financial Liabilities</b>	<b>1,68,69,31,667</b>	<b>1,50,02,66,865</b>	<b>1,61,28,58,530</b>

Borrowings under Financial Liabilities are shown as 'Amortised Cost'. All other Assets and Liabilities are at cost.

**31.2 Risk Management framework :**

The Company's principal financial liabilities include borrowing, trade and other payables. The Company's principal financial assets include loans, trade receivable, cash and cash equivalents and others. The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Company's senior management provides assurance that the Company's financial risk activities are governed by

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

### 31.3 Financial Risk Management :

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

- (a) Credit Risk
- (b) Liquidity Risk
- (c) Market Risk
- (a) **Credit Risk :**

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in inter corporate deposit and loans given to related parties.

The carrying amount of following financial assets represents the maximum credit exposure :

#### **Trade Receivables :**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. No impairment is observed on the carrying value of trade receivables.

#### **Other Financial Assets :**

Credit risk from balances with banks, loans, investments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties. No impairment on such investment has been recognised as on the reporting date.

- (b) **Liquidity Risk :**

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

The Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus funds, bank loans and inter-corporate loans.

#### **Exposure to Liquidity Risk :**

Following are the remaining contractual maturities of financial liabilities at the reporting date.

As at March 31, 2018 ₹	Carrying Amount	Contractual Cash Flow				
		Total	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>Financial Liabilities :</b>						
Borrowings	1,13,07,02,569	92,62,88,187	14,01,16,383	8,31,81,396	51,42,68,666	18,87,21,742
Trade Payables	52,64,86,522	52,64,86,522	52,64,86,522	-	-	-
Other Financial Liabilities	2,97,42,576	2,97,42,576	2,97,42,576	-	-	-
<b>Total Financial Liabilities</b>	<b>1,68,69,31,667</b>	<b>1,48,25,17,285</b>	<b>69,63,45,481</b>	<b>8,31,81,396</b>	<b>51,42,68,666</b>	<b>18,87,21,742</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

As at March 31, 2017 ₹	Carrying Amount	Contractual Cash Flow				
		Total	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>Financial Liabilities :</b>						
Borrowings	98,56,59,849	88,65,75,621	15,94,27,805	7,09,76,012	33,65,60,916	31,96,10,888
Trade Payables	48,59,54,240	48,59,54,240	48,59,54,240	-	-	-
Other Financial Liabilities	2,86,52,776	2,86,52,776	2,86,52,776	-	-	-
<b>Total Financial Liabilities</b>	<b>1,50,02,66,865</b>	<b>1,40,11,82,637</b>	<b>67,40,34,821</b>	<b>7,09,76,012</b>	<b>33,65,60,916</b>	<b>31,96,10,888</b>

As at March 31, 2016 ₹	Carrying Amount	Contractual Cash Flow				
		Total	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>Financial Liabilities :</b>						
Borrowings	1,13,99,89,638	1,13,99,89,638	22,53,63,974	9,57,65,510	80,96,39,294	92,20,860
Trade Payables	44,37,54,122	44,37,54,122	44,37,54,122	-	-	-
Other Financial Liabilities	2,91,14,770	2,91,14,770	2,91,14,770	-	-	-
<b>Total Financial Liabilities</b>	<b>1,61,28,58,530</b>	<b>1,61,28,58,530</b>	<b>69,82,32,866</b>	<b>9,57,65,510</b>	<b>80,96,39,294</b>	<b>92,20,860</b>

**(c) Market Risk :**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and commodity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters, while optimising the return.

**Currency Risk :**

Currency risk is not material, as the Company's primary business activities are within India.

**Interest Rate Risk :**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rate is not material as the Company is having fixed rate borrowings.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

**Commodity Price Risk :**

The Company's activities are exposed to Cotton and Yarn price risks and therefore its overall risk management program focuses on the volatile nature of the Cotton and Yarn market, thus seeking to minimize potential adverse effects on the Company's financial performance on account of such volatility.

**32. CAPITAL MANAGEMENT :**

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt and the total equity of the Company. For this purpose, net debt is defined as total borrowings less cash and cash equivalents.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirements are met through short-term/long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The Company's net debt to equity ratio is as follows :

Particulars	As at	As at	As at
	March 31, 2018	March 31, 2017	March 31, 2016
	₹	₹	₹
Borrowings	1,13,07,02,569	98,56,59,849	1,13,99,89,638
Cash & Cash Equivalents	63,75,955	1,19,99,827	78,52,852
<b>Net Debts</b>	<b>1,12,43,26,614</b>	<b>97,36,60,022</b>	<b>1,13,21,36,786</b>
Total Equity	(1,27,30,31,562)	(1,22,14,17,687)	(1,13,12,56,465)
Debt/Equity Ratio	<b>(0.88) : 1</b>	<b>(0.80) : 1</b>	<b>(1.00) : 1</b>

**33. CORPORATE SOCIAL RESPONSIBILITY :**

During the year the Company was not required to spend any money as per the provision of section 135 of the Companies Act, 2013 towards Corporate Social Responsibility (CSR) activities.

34. Bond for ₹ 27,00,00,000 was issued against export obligation of US\$ 7,75,98,359 which is to be fulfilled by January 12, 2025 or such further extension as may be granted. The company has to fulfill balance export obligation of US\$ 97,70,658 by January 12, 2025 or such further extension as may be granted.
35. No Debts or Loans and Advances are due from Directors or Officers of the Company or from Firms or Private Companies in which any Director is a Partner, Director or Member.
36. The management is taking various steps to reduce costs, improve efficiencies to make its operations profitable and to arrange sufficient funds for its operations. In view of these, financial statements have been prepared on the basis that the Company will continue as a "going concern".
37. Segment wise details, as required by AS 17 Segment Reporting, are not furnished as the management is of the opinion that it does not have any geographical/business segment that is subject to different kind of risk, return or opportunities.
38. Figures have been rounded off to the nearest rupee.
39. Previous Year figures have been re-grouped/re-arranged, wherever necessary, to make them comparable.

**As per our report of even date attached  
for Khandelwal & Mehta LLP,  
Chartered Accountants  
Firm Registration Number : W100084**

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

**Sunil Khandelwal  
Partner  
Membership Number : 101388**

**S. S. Arora  
Whole Time Director  
DIN - 00033825**

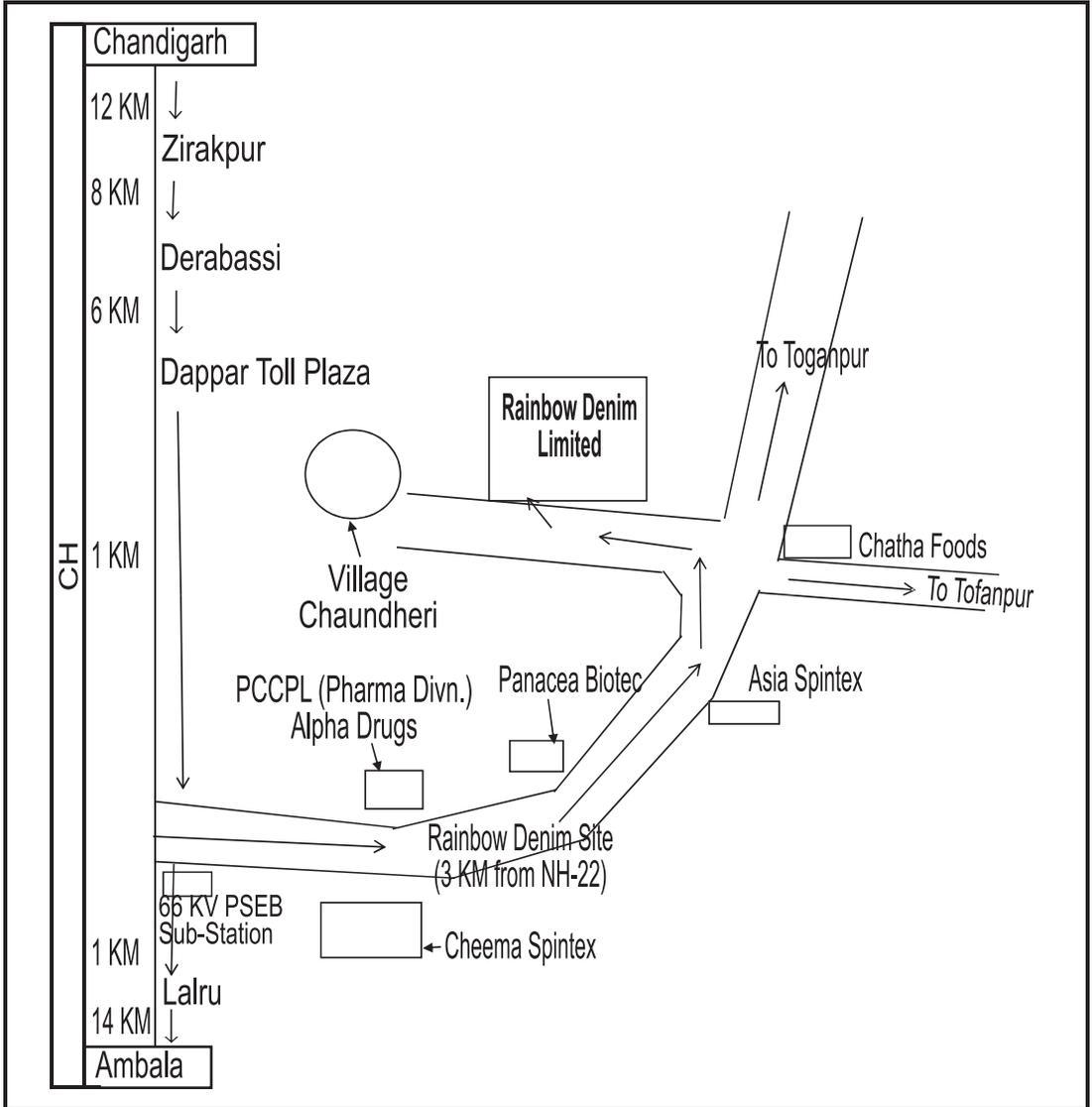
**D. N. Singh  
Director  
DIN - 00021741**

**H. D. Ramsinghani  
Chairman  
DIN - 00035416**

**Place : Mumbai  
Date : May 29, 2018**

**Place : Mumbai  
Date : May 29, 2018**

**Map Showing Location of the venue of the AGM of Rainbow Denim Limited  
Venue : Village Chaundheri, Post Office Dappar, Ambala-Chandigarh Highway,  
Dist. Mohali, Punjab 140 506.**



## RAINBOW DENIM LIMITED

Corporate Identification Number (CIN). : L18101PB1999PLC022452

Regd. Office : Village Chaundheri, Post Office Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140 506.

Tel: 01762 248810/11/12; Fax : 01762-248761/248809 Email : rainbow@rainbowdenim.com ; Website : www.rainbowdenim.com

### ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional slip at the Venue of the meeting

For Demat Shares

DP ID	
-------	--

CLIENT ID	
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For Physical Shares

REGD. FOLIO NO.	
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NO. OF SHARES HELD	
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I certify that I am a Member/Proxy for the Member of the Company. I hereby record my presence at the Nineteenth Annual General Meeting of the Company held on Tuesday, September 18, 2018 at 10.00 a.m. at Village Chaundheri, P.O. Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140506.

\_\_\_\_\_  
Name of the Member / Proxy  
(in BLOCK letters)

\_\_\_\_\_  
Signature of the Member/Proxy

## RAINBOW DENIM LIMITED

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Regd. Office : Village Chaundheri, Post Office Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140 506.

Tel: 01762 248810/11/12; Fax : 01762-248761/248809 Email : rainbow@rainbowdenim.com ; Website : www.rainbowdenim.com

### PROXY FORM

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

Name of the Member (s) : \_\_\_\_\_

Folio No/Client Id\* \_\_\_\_\_ Registered address : \_\_\_\_\_

DP ID\* \_\_\_\_\_ E-mail Id : \_\_\_\_\_

• Applicable for Members holding shares in electronic form

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

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

3. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on Tuesday, September 18, 2018 at 10.00 a.m. at Village Chaundheri P.O. Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140506 and at any adjournment thereof in respect of such resolutions as indicated over leaf:

Resolution No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1.	Adoption of Audited Financial Statements together with Report of Directors and Auditors for the year ended March 31, 2018		
2.	Reappointment of Mr H. D. Ramsinghani (DIN 00035416) Director who retires by rotation.		
3.	Appointment of Statutory Auditors M/s. Khandelwal & Mehta LLP, Chartered Accountants		
<b>Special Business</b>			
4	Approval of remuneration of Cost Auditors		
5.	Continuation of Mr D. N. Singh (DIN 00021741) as an Independent Director for the remaining term		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Affix 0.15 paise Revenue Stamp
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Signature of Member

Signature of Proxy Holder(s)

Notes :

1. 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.
2. A Proxy need not be a member of the Company
3. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a Proxy does not prevent a Member from attending the meeting in person, if he/she so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient but names of all joint holders should be stated.



