

The logo for Rainbow Denim Ltd. features a large, stylized blue letter 'R' on the left. To its right, the word 'RAINBOW' is written in a bold, black, serif font. A horizontal blue line extends from the bottom of the 'R' across the word 'RAINBOW'. Below this line, the words 'DENIM LTD.' are written in the same bold, black, serif font.

RAINBOW
DENIM LTD.

TWENTY FIRST ANNUAL REPORT 2019-2020

BOARD OF DIRECTORS

CHAIRMAN

MR H. D. RAMSINGHANI

REGISTERED OFFICE & WORKS

VILLAGE CHAUNDHERI,
P O DAPPAR, TEHSIL DERABASSI,
DIST MOHALI, PUNJAB 140506
CIN: L18101PB1999PLC022452
Email: rainbow@rainbowdenim.com
Website: www.rainbowdenim.com
Tel: 01762- 248810/11/12;
Fax: 01762-248761/248809

DIRECTORS

MR. D. N. SINGH

MR. R. G. KULKARNI

MR. B. L. KHANNA

MR S S ARORA

(Whole Time Director up to 31/05/2020)

CORPORATE OFFICE

51/52, FREE PRESS HOUSE,
FREE PRESS JOURNAL MARG,
NARIMAN POINT
MUMBAI 400021,
Email : cs@rainbowdenim.com
Tel.No. (91-22) 2283 3355 / 2283 4182
Fax : (91-22) 2204 9946

AUDITORS

KHANDELWAL & MEHTA LLP
CHARTERED ACCOUNTANTS

REGISTRARS & TRANSFER AGENT

LINK INTIME INDIA PVT.LTD.
C101, 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
Website : www.linkintime.com

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of RAINBOW DENIM LIMITED, a company under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016, will be held on Wednesday, September 30, 2020 at 3.00 p.m. through two way Video Conferencing/Other Audio Visual Means to transact the following business. The venue of the Meeting will be deemed to be the Registered Office of the Company at Village Chaundheri, P O Dappar, Tehsil Derabasi, District Mohali, Punjab 140506.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2020 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S S Arora (DIN 00033825) who retires by rotation and being eligible, offers himself for reappointment.

(His re-appointment on the Board is being made as a part of compliance with section 152(6) of the Companies Act, 2013. However, in terms of Section 17 of Insolvency and Bankruptcy Code, 2016 the powers of the Board shall continue to remain suspended during the continuance of Corporate Insolvency Resolution Process)

SPECIAL BUSINESS

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

“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 Resolution Professional as Cost Auditor for audit of cost records for the financial year 2020-21 be paid a remuneration of Rs 25,000/- 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 take all such steps as may be necessary or expedient to give effect to the above resolution.”

4. To consider and if thought fit, to pass with or without modification(s) if any, the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and subject to such approvals, consents and sanctions as may be necessary, Mr. R. G. Kulkarni (DIN 03028670) be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years and shall hold office as an Independent Director up to the conclusion of the 26th Annual General Meeting in the year 2025.”

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

(His re-appointment on the Board is being made as a part of compliance with section 149 of the Companies Act, 2013. However, in terms of Section 17 of Insolvency and Bankruptcy Code, 2016 the powers of the Board shall continue to remain suspended during the continuance of Corporate Insolvency Resolution Process)

NOTES

1. In view of the prevailing pandemic situation in the country, the MCA has waived the requirement of holding a physical meeting and hence the Meeting will be held through VC/OAVM.

2. As per the directions issued by SEBI and the MCA, the company would be sending the Annual Report for the financial year 2019-20 along with the Notice of the 21st Annual General Meeting through e-mail to those members who have registered their e-mail IDs with the Company/DP. The Annual Report and the Copy of the Notice will be placed on the website of the Company www.rainbowdenim.com and also filed with BSE.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business specified in the Notice is annexed thereto.
4. As per the directions of SEBI and MCA, since the Meeting is being conducted through VC/OAVM, the option of appointing proxies will not be available for this AGM and hence the Proxy form, Attendance Slip and Route Map are not being enclosed with the Notice. However, corporate Members intending to attend and vote at the AGM are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting to the Company, to the Scrutinizer and also to Central Depository Services Limited.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday the 23rd day of September, 2020 to Wednesday the 30th day of September, 2020 (both days inclusive).
6. Relevant documents referred to in the accompanying Notice and the Statements are available for inspection through electronic mode up to the date of the meeting.
7. Members desirous of seeking any information concerning the Accounts are requested to address their queries in advance to the Company mentioning their name, folio/demat account number, email ID and Mobile Number to rdjog@ramagroup.co.in at least seven days before the date of the Meeting. Queries/Questions received after September 23, 2020 will not be considered or responded to at the Annual General Meeting. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending an email to rdjog@ramagroup.co.in up to 5.00 p.m. on Wednesday, September 23, 2020.
8. The Ministry of Corporate Affairs, has undertaken a 'Green initiative in Corporate Governance' and allowed companies to share documents with its shareholders through 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.
9. 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 August 20, 2020 for the 21st Annual General Meeting of the Company. The instructions for members voting electronically are given below:

E-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and during the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.rainbowdenim.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 26.09.2020 at 9.00 a.m and ends on 29.09.2020 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23.09.2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders 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"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

Dividend Bank Details OR 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"> • 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 as mentioned in instruction (v).
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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA email id: rnt.helpdesk@linkintime.co.in
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to RTA email id. rnt.helpdesk@linkintime.co.in

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least seven days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at rdjog@ramagroup.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance seven days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at rdjog@ramagroup.co.in. These queries will be replied to by the company suitably by email.
5. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details 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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; rdjog@ramagroup.co.in (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

The Company has appointed Mr Ajay K Arora, Practicing Company Secretary, (M No FCS 2191) as the Scrutinizer to conduct the e voting process in a fair and transparent manner.

The results shall be declared after the Annual General Meeting and they shall be placed on the web site of the Company and also forwarded to the Stock Exchange.

FOR RAINBOW DENIM LIMITED
(Company under Corporate Insolvency Resolution Process)

Place : Mumbai
Dated : August 20, 2020

H. D. RAMSINGHANI
CHAIRMAN
DIN : 00035416

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

ITEM NO. 3

The Resolution Professional 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, 2021.

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. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

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.

The Board recommends this Ordinary Resolution as set out at Item no. 3 for approval of the members.

ITEM NO 4

Mr. R. G. Kulkarni (DIN 03028670) was appointed as an Independent Director of the Company at the 16th Annual General Meeting held on September 23, 2015 for a period of five years up to the conclusion of the 21st Annual General Meeting in the calendar year 2020.

The Resolution Professional has approved the appointment of Mr R. G. Kulkarni as an Independent Director not liable to retire by rotation for a further term of five years.

The Company has received a notice in writing from a member under the provisions of Section 160 of the Act, proposing the candidature of Mr R. G. Kulkarni for the office of Director.

Mr. R. G. Kulkarni is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

Mr. R. G. Kulkarni fulfils the conditions specified in Section 152 of the Act and rules made there under for his appointment as Independent Director of the Company.

The Company has also received declaration from Mr. R. G. Kulkarni that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Rules made thereunder.

The draft letter of appointment of Mr. R. G. Kulkarni as an Independent Director setting out the terms and conditions is open for inspection electronically, until the date of the Annual General meeting or any adjournment thereof Mr. R. G. Kulkarni holds 2 Equity Shares of the Company.

Except Mr. R. G. Kulkarni being the appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in this Resolution.

FOR RAINBOW DENIM LIMITED
(Company under Corporate Insolvency Resolution Process)

Place : Mumbai
Dated : August 20, 2020

H. D. RAMSINGHANI
CHAIRMAN
DIN : 00035416

INFORMATION PURSUANT TO SEBI (LODR) REGULATIONS, 2015

Pursuant to Regulation 36 (3) of the SEBI (LODR) Regulations, 2015, the particulars of Directors who are proposed to be Re-appointed at the forthcoming Annual General Meeting are as under:

Sr. No.	Names of the Director	Mr. S. S. Arora
1.	DIN	00033825
2.	Date of Birth	12/08/1961
3.	Qualifications	B.com (Bombay University)
4.	Brief Profile	Mr. S. S. Arora is a Commerce Graduate and has over 34 years of rich and varied experience in the field of Textiles, Fertilizers and Petrochemicals
5.	Date of first Appointment in current designation	01/06/2020
6.	List of other Directorships (excluding Foreign Company)	Nil

Sr. No.	Names of the Director	Mr. R. G. Kulkarni
1.	DIN	DIN 03028670
2.	Date of Birth	16/01/1959
3.	Qualifications	B. Tech DBM
4.	Brief Profile	He has more than 32 years of rich and varied experience in the oil seeds processing and poultry feed business.
5.	Date of first Appointment in current designation	29.05.2015
6.	List of other Directorships (excluding Foreign Company)	Rama Petrochemicals Ltd Rainbow Agri Industries Ltd

DIRECTORS REPORT

Dear Shareholders,

BACKGROUND

Pursuant to the Order dated December 9, 2019 of the Hon'ble National Company Law Tribunal – Chandigarh Bench (“NCLT Order”), Corporate Insolvency Resolution Process (“CIR Process”) has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, (“Code”) and related rules and regulations issued thereunder. Mr. Dharmendra Kumar Bhasin (Registration No. IBBI/ IPA-002/IP-N00816/2019-2020/12564) has been appointed as the Interim Resolution Professional (“IRP”) in terms of the NCLT Order. Subsequently Mr Dharmendra Kumar Bhasin was confirmed as the Resolution Professional (RP) by the Committee of Creditors in its meeting held on 07-01-2020. On appointment of IRP/RP the powers of Board of Directors of the Company stand suspended and such powers along with the management of affairs of the Company are vested with the IRP/RP.

In the light of the above developments, Your Directors present the 21st Annual Report and the audited financial statement for the financial year ended March 31, 2020.

FINANCIAL RESULTS

(₹ in Lakhs)

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2020	31.03.2019
Profit/(Loss) before Depreciation	(1426.60)	(931.92)
Depreciation	189.18	200.64
Tax expenses	Nil	Nil
Profit/(Loss) for the Year	(1615.78)	(1132.56)
Other comprehensive Income/(Expense)	74.31	(7.34)
Total Comprehensive Profit/(Loss) for the Year.	(1541.47)	(1139.90)

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 1.81 lakh meters as compared to 54.69 lakh meters during the previous year. The Company has achieved a sales turnover of ₹ 402 lakh during the year under review as compared to a turnover of ₹ 6964 lakh during the previous year.

DIVIDEND

In view of loss no Dividend was considered. No appropriation has been made to any specific reserve during the year under review.

SHARE CAPITAL

There was no change in the Equity share capital structure of the Company during the year under review. The Company does not have an Employee Stock Option Scheme nor are there any shares which are held in trust for the benefit of employees of the Company.

The Company does not have outstanding Warrants or Debt instruments as on the date of the Report and hence Credit Rating provisions are not applicable.

FUTURE PROSPECTS

The future prospects of the Company depend on the outcome of the ongoing CIR Process. During the year under review, the manufacturing activities at the Lalru Plant situated in the state of Punjab continue to remain suspended.

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 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, 2020 and the loss of the Company for the year ended March 31, 2020;
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 and 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. D.N. Singh – Chairman, Mr. H.D. Ramsinghani and Mr. R.G. Kulkarni. All the members of the Audit Committee are financially literate and have experience in financial management. 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 presently consists of Mr. D.N. Singh (Chairman), Mr. H.D. Ramsinghani and Mr. S. S. Arora.

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

The Nomination and Remuneration Committee consists of Mr. D.N. Singh (Chairman), Mr. H.D. Ramsinghani and Mr. R. G. Kulkarni.

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

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.

DISCLOSURES

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.

The Whole Time Director was paid a remuneration of ₹ 25.20 lakhs during the year under review. 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 forms a part of the Report.

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

All transactions entered in to with Related Parties during the year under review were in the ordinary course of business and at an arm's length 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.

Pursuant to the Order dated December 9, 2019 of the Hon'ble National Company Law Tribunal – Chandigarh Bench ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder.

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

The Company has formulated a Whistle Blower Policy under which all personnel have access to the Audit Committee to report genuine concerns or grievances relating to the business activities of the Company in general.

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, 3 (three) Board Meetings were held on May 15, 2019, August 12, 2019 and October 24, 2019. As the powers of the Directors are suspended, no meetings of the Board of Directors were held after December 9, 2019.

Mr. S S Arora (DIN 00033825) retires from the Board of Directors by rotation and is eligible for re-appointment.

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.

None of the Directors are disqualified from being appointed / reappointed as Directors of the Company as per the disclosures filed by the Directors with the Company.

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.

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.

STATUTORY AUDITORS

M/s. Khandelwal & Mehta LLP, (Membership No W100084) were appointed as Statutory Auditors of the Company at the 19th Annual General Meeting held on September 18, 2018, to hold office till the conclusion of the 24th Annual General Meeting. M/s. Khandelwal & Mehta LLP have confirmed that they are not disqualified from continuing as Auditors of the Company.

STATUTORY AUDITORS REPORT

Your Directors refer to the observations made by the Auditors in their Report and wish to state that the management is hopeful that the Company would be able to continue its operations in the foreseeable future in the normal course of business and hence, the accounts have been prepared on a going concern basis and the value of impairment, if any, has not been ascertained. In view of the above the impact of the observations on the financial statements for the year under review is not ascertainable.

INTERNAL AUDIT

The Company has appointed M/s S.S Kothari Mehta & Co., Chartered Accountants 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.

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility do not apply to the Company as the Company does not meet the criteria laid down in Section 135 of the Companies Act, 2013.

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. There were no frauds reported by the Auditors of the Company as on the date of this Report.

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. The Directors refer to the observations made by the Secretarial Auditor and wish to state that the non-appointment of women Director and non-holding of Board and Committee meetings was due to the fact that the Company is under CIR Process and the powers of the Board are suspended. The delay in processing demat requests was due to increased work load in the office of the R&T Agents.

COST AUDIT

The Resolution Professional has approved the appointment of M/s. Pawan & Associates qualified Cost Auditors for conducting the Audit of cost records for the financial year 2020 - 2021. The Company has received a Certificate from Cost Auditors certifying their independence and arm's length relationship with the Company. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors has to be ratified by the Members. Accordingly, necessary resolution is proposed at the ensuing AGM for ratification of the remuneration payable to the Cost Auditors for the financial year 2020 – 2021.

The Cost Audit Report for the financial year ended 31st March, 2019 was filed on September 3, 2019 with Ministry of Corporate Affairs in the prescribed form within the stipulated time period

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.

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.

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 were affected during the year under review due to labour unrest at the Lalru Plant.

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.

By the Order of the Resolution Professional

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

Place : Mumbai

Date: August 20, 2020

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, 2020

A) CONSERVATION OF ENERGY:

- a. Energy conservation measures taken :
- b. Additional investment proposals, if any, being implemented for reduction of consumption of energy :
- c. Impact of measures at (A) and (B) above for reduction of Energy Consumption and consequent impact on the cost of production of goods :

Not Applicable as the Plant was closed during the entire year under review.

d. Particulars with respect to conservation of energy:

	2019-20	2018-19
A. POWER AND FUEL CONSUMPTION:		
1. ELECTRICITY:		
a. Purchased (PSEB):		
Units (in thousand)	867	12873
Total cost (₹ in Lacs)	86.26	923.37
Rate per Unit (₹)	9.95	7.17
b. Own Generation:		
Through Diesel Generation:		
Units (in thousand)	4	7
Units per Liter of Diesel	3.20	3.20
Cost per Unit (₹)	21.43	21.25
Through Steam Turbine/Generator:		
Units (in thousand)	Nil	Nil
Units per Liter of Fuel, Oil, Gas	NA	NA
Cost per unit	NA	NA
2. FURNACE OIL:		
Quantity (in Kiloliters)	Nil	Nil
Total Amount (₹ in Lacs)	Nil	Nil
Average Rate	NA	N.A.
3. OTHER INTERNAL GENERATION	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Production of Denim Fabric (in Lacs Meters)	1.81	54.69
Electricity (kwh per Meter)	4.78	2.36
Furnace Oil	Nil	Nil
Coal	Nil	Nil

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

I. RESEARCH AND DEVELOPMENT (R & D):

- a) Specific areas in which R & D is carried out by the Company :
- b) Benefits derived as a result of R & D :
- c) Future Plan of Action :
Not Applicable as the Plant was closed during the entire year under review.

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:

Not Applicable as the Plant was closed during the entire year under review

3. Information of Imported Technology:

Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ in Lakhs)
Foreign Exchange used	0.35
Foreign Exchange earned	Nil

By the Order of the Resolution Professional

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

Place : Mumbai
Date : August 20, 2020

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 14.96
(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.	Nil
(iv) The number of permanent employees on the rolls of company;	415
(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.

By the Order of the Resolution Professional

H. D. RAMSINGHANI

CHAIRMAN

DIN 00035416

Place : Mumbai

Date : August 20, 2020

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 31.03.2020 will be provided on request.

By the Order of the Resolution Professional

H. D. RAMSINGHANI

CHAIRMAN

DIN 00035416

Place : Mumbai

Date : August 20, 2020

ANNEXURE 'D' TO DIRECTORS REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2020

**[Pursuant to section 204(1) of the Companies Act, 1013 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, 2020 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, 2020 under the provisions of below mentioned regulations, which were shared with me. It is informed that due to prevailing nationwide lockdown in light of COVID-19, I was not able to carry out physical inspection of the said records:

- (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 (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.
 - 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 (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
 - f) 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.

- g) 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.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) As per the representation made by the management and relied upon by the auditor, major provisions and requirements have also been complied with as prescribed under applicable Labour and environmental 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, Environment Protection Act, 1986, The Air (Prevention and Control of Pollution) Act, 1981, 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 ('LODR Regulations') 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 Company is under Corporate Insolvency Resolution Process and the powers of the Board of Directors have been suspended pursuant to Section 17 of Insolvency and Bankruptcy Code, 2016 pursuant to order dated 9th December, 2019 of Hon'ble National Company Law Tribunal. The Board of Directors of the Company was constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. *However, the company has not appointed a woman director during the audit period.*
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, I am of an opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period National Company Law Tribunal, Chandigarh Bench vide its Order No. NCLT/CHD/Reg/CC/699 dated 09.12.2019 admitted the petition of Operational Creditor under Section 9 of the Insolvency and Bankruptcy Code, 2016 against the company. Accordingly, the Insolvency Proceedings of the company were initiated and the Board of Directors of the company stood suspended. As per the management, due to the initiation of the CIRP Proceedings and consequent suspension of the Board, the following instance of delays or irregularities has been observed:

- i. *no meeting of the Board of Directors or committees of the Board were held after initiation of CIRP Proceedings and suspension of Board.*
- ii. *the Board of Directors of the company has not undertaken evaluation of independent directors including their performance and fulfillment of the independence criteria as per Regulation 17(10) of LODR Regulations,.*
- iii. *no meeting of the Stakeholder Relationship Committee was held and the Audit Committee and the Stakeholder Relationship Committee has not reviewed and approved all information and reports as prescribed under Schedule II of LODR Regulations.*
- iv. *there are instance of delay beyond 21 days in effecting dematerialization requests from shareholders during the quarter ended 30.06.2019 as per the share capital reconciliation audit report for that quarter*

- v. *the company is not maintaining a structured digital database of the persons or entities with whom the unpublished price sensitive information is shared.*

As per the information provided to us, meetings of the Committee of Creditors (CoC) were held. However, the proceedings of the Corporate Insolvency Resolution Process being carried out under the provisions of Insolvency and Bankruptcy Code, 2016, are not covered within the scope and purview of the Secretarial Audit carried out by us and we are not privy to the proceedings of the CoC meetings and any decisions made therein pertaining to the Corporate Insolvency Resolution Process.

Apart from the business stated above, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

For A. ARORA & COMPANY

AJAY K. ARORA

FCS No. 2191

C P No.: 993

UDIN:F002191B000488820

Place: Chandigarh

Date : 22.07.2020

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

“Annexure-A”

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

UDIN:F002191B000488820

Place: Chandigarh

Date : 22.07.2020

MANAGEMENT DISCUSSION AND ANALYSIS

1. **Background**

Pursuant to the Order dated December 9, 2019 of the Hon'ble National Company Law Tribunal – Chandigarh Bench (“NCLT Order”), Corporate Insolvency Resolution Process (“CIR Process”) has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, (“Code”) and related rules and regulations issued thereunder. Mr. Dharmendra Kumar Bhasin (Registration No. IBBI/ IPA-002/IP-N00816/2019-2020/12564.) has been appointed as the Resolution Professional (“IRP”) in terms of the NCLT Order. The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the IRP.

2. As the Company is in CIR Process hence the information about outlook, opportunity and threats, developments, risk and concerns has not been provided separately as required under Listing Regulations

3. **INDUSTRY STRUCTURE AND DEVELOPMENTS**

India is a major denim producing country in the world but with large over capacity as a result of which the denim fabric manufacturers continue to be under pressure due to stiff competition and margin pressures. The outbreak of COVID 19 has further added to the problems being faced by the industry as all the manufacturing units were closed due to nation- wide lock down since March 2020.

4. **SEGMENTWISE PERFORMANCE**

The Company operates only in one Segment, viz. manufacture of Denim Fabric and the same is reflected in the financial statements.

5. **INTERNAL CONTROL SYSTEMS**

The Company has an adequate system of internal controls that ensures that all assets are protected against loss from unauthorized use or disposition and all transactions are recorded and reported in conformity with generally accepted accounting principles. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

6. **FINANCIAL PERFORMANCE**

During the year under review, the Company has achieved a sales turnover of Rupees 402 lakhs as compared to a turnover of Rupees 6964 lakhs during the previous year.

During the year under review, Company has incurred Loss after tax of Rupees 1541.47 lakhs as compared to loss of Rupees 1139.90 lakhs during the previous year.

7. SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
Debtors turnover ratio	2.63	3.67
Inventory turnover ratio (On Cost of Goods sold) **	2.56	5.03
Interest coverage ratio (Earnings before interest and tax / finance cost) **	(0.21)	0.22
Current ratio **	0.07	0.22
Debt Equity ratio	(0.76)	(0.75)
Operating margin ratio (operating profit = profit before tax + depreciation + finance cost + loss on disposal of property, plant - other income/ revenue from operation) **	(38.28%)	3.69%
Net Profit Margin (Profit for the year / revenue from operation) **	(86.50%)	(11.83%)
Return on Net worth (RONW) @	10.00%	8.22%

** These Ratios deteriorated due to decline in Turnover from ₹ 9632 Lakhs to ₹ 1782 Lakhs during the current year as compared to previous year.

@ Return on Net worth (RONW) is positive because the Company incurred loss and Shareholders' Fund is also negative.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, the manufacturing activities at the Company's Plant continued to be suspended.

9. CAUTIONARY STATEMENT

Statements in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include introduction of new tax regime, sluggish export as well as domestic market and high volatility in the prices of raw materials, litigation and industrial relations. The Company assumes no responsibility to amend, modify or revise any of the statements on the basis of subsequent developments, information or events.

By the Order of the Resolution Professional

H. D. RAMSINGHANI
CHAIRMAN
DIN:00035416

Place : Mumbai
Date : August 20, 2020

ANNEXURE 'E' TO DIRECTORS REPORT

FORM MGT – 9

EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2020

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

SR. 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-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(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.	6910426	Nil	6910426	52.02	6910426	Nil	6910426	52.02	Nil
e) Banks / FI	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
f) Any other (Directors & Relatives)	213755	Nil	213755	1.61	213755	Nil	213755	1.61	Nil
Sub-total (A)(1):-	7124181	Nil	7124181	53.63	7124181	Nil	7124181	53.63	Nil

Annual Report 2019-2020

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% 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
Sub-total (A) (2):-	2525457	Nil	2525457	19.01	2525457	Nil	2525457	19.01	Nil
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	9649638	Nil	9649638	72.64	9649638	Nil	9649638	72.64	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	280	Nil	280	0.00	280	Nil	280	0.00	280
b) Banks / FI	622320	1800	624120	4.70	622320	1800	624120	4.70	Nil
c) Central Govt	40	Nil	40	0.00	40	Nil	40	0.00	0.00
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
Sub-total (B)(1)	622640	1800	624440	4.70	622640	1800	624440	4.70	Nil
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	193134	13280	206414	1.56	185416	13280	198696	1.49	(0.07)
ii) Overseas	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	1025937	605550	1631487	12.28	1047426	599586	1647012	12.39	1.10
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	998638	Nil	998638	7.52	988630	Nil	988630	7.44	(0.08)
NBFCs registered with RBI	400	0	400	0.00	Nil	0	Nil	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others - (specify)									
Non Resident Indians	26248	9760	36008	0.27	31461	9160	40621	0.30	0.03
Overseas Corporate Bodies	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
Foreign Nationals	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
Clearing Members	2303	Nil	2303	0.02	40	Nil	40	Nil	(0.02)
Trusts	160	Nil	160	0	440	Nil	440	0	Nil
HUF	134255	Nil	134255	1.01	134226	Nil	134226	1.01	Nil
Foreign Bodies - D R	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
Sub-total (B)(2)	2381075	628590	3009665	22.66	2387639	622026	3009665	22.65	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3003715	630390	3634105	27.36	3010279	623826	3634105	27.35	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
Grand Total (A+B+C)	12653353	630390	13283743	100	12659917	623826	13283743	100.00	Nil

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	214197	1.61	Nil	214197	1.61	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	0.003	Nil	464	0.003	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	148402	1.12	Nil	148402	1.12	Nil	Nil
13	S. S. Arora	65349	0.49	Nil	65349	0.49	Nil	Nil
	Total	9649638	72.64	16.57	9649638	72.64	16.57	Nil

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	9649638	72.64	9649638	72.64
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
	At the end of the year	9649638	72.64	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 (01/04/2019 to 31/03/2020)	
		No. of shares at the beginning (01/04/2019)/ end of the year 31/03/2020	% of total shares of the Company				No. of shares	% of total shares of the company
1	Bank of India	6,20,040	4.67			No Change	6,20,040	4.67
		6,20,040	4.67					
2	Sangeetha S.	0	0.00	08.11.2019	1,54,690	Purchase	1,54,690	1.16
		1,54,690	1.16					
		0	0					
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	72,870	0.55	-	-	No Change	72,870	0.55
		72,870	0.55					
6	Ajay Bhaskar	71,000	0.53	-	-	No Change	71,000	0.53
		71,000	0.53					
7	Manilal Hirji Shah HUF	65,679	0.49	-	-	No Change	65,679	0.49
		65,679	0.49					
8	Samta Goenka	62,000	0.46	-	-	No Change	62000	0.46
		62,000	0.46					
9	Om Beer	47,199	0.35	-	-	No Change	47,199	0.35
		47,199	0.35					
10	Gagan Ashokkumar Khemka	44,288	0.33	-	-	No Change	44,288	0.33
		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 (01-04-2019)/ end of the year (31-03-2020)	% 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	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 Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2019				
i) Principal Amount	146,07,12,725	-	-	146,07,12,725
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	146,07,12,725	-	-	146,07,12,725
Change in Indebtedness during the financial year			-	
* Addition	-	3,98,60,530	-	3,98,60,530
* Reduction	(1,54,70,823)	(50,00,000)	-	(2,04,70,823)
Net Change	(1,54,70,823)	3,48,60,530	-	1,93,89,707
Indebtedness at the end of the financial year (31.03.2020)				
i) Principal Amount	144,52,41,902	3,48,60,530	-	148,01,02,432
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	144,52,41,902	3,48,60,530	-	148,01,02,432

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 (In ₹)
		WTD		
		Mr S. S. Arora		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,50,323		22,50,313
	(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)	2,70,039		2,70,039
	Total (A)	25,20,362		25,20,362
	Ceiling as per the Act	N A		N A

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	H.D. Ramsinghani	D.N. Singh	R.G. Kulkarni	Shefali Karani	B.L. Khanna	Total Amount (In ₹)
1.	Fee for attending board/ committee meetings	Nil	14,000	14,000	Nil	6,000	34,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	14,000	14,000	Nil	6,000	34,000
2.	Fee for attending board/ committee meetings	14,000	Nil	Nil	Nil	Nil	14,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	14,000	Nil	Nil	Nil	Nil	14,000
	Total Managerial Remuneration Total (B)=(1+2)	14,000	14,000	14,000	Nil	6,000	48,000

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS (upto 17/02/2020)	CFO	Total Amount (In ₹)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,71,922	Nil	1,71,922
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,79,997	Nil	1,79,997
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	37,823	Nil	37,823
	Total	3,89,742	Nil	3,89,742

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)
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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)
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A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

By the Order of the Resolution Professional

Place : Mumbai
Date : August 20, 2020

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

REPORT ON CORPORATE GOVERNANCE

1. Background

Pursuant to the Order dated December 9, 2019 of the Hon'ble National Company Law Tribunal – Chandigarh Bench ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder. Mr. Dharmendra Kumar Bhasin (Registration No. IBBI/ IPA-002/IP-N00816/2019-2020/12564.) has been appointed as the Resolution Professional ("IRP") in terms of the NCLT Order. The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the IRP.

2. 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.

3. Board of Directors

a. As on the date of this Report, the Board consists of Five 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 Directorships and Private Companies)	Membership/ Chairmanship of other Board Committees		Directorship in other listed entity (Category of Directorship)	Share-holding (No. of Shares)
		Board Meeting	Last Annual General Meeting		Chairman	Member		
Mr. H. D. Ramsinghani Chairman	Promoter Non -Executive	Three	No	Four	Nil	Five	Rama Petrochemicals Limited – Promoter Executive Rama Phosphates Limited – Promoter executive	8
Mr. S. S Arora Director	Non Executive Non Independent	Two	Yes	Nil	Nil	Nil	Not Applicable	65349
Mr. D. N. Singh Director	Non - Executive Independent	Three	No	Three	One	Two	Rama Petrochemicals Limited – Non Executive Non Independent Rama Phosphates Limited – Non Executive Independent	1324
Mr. R. G. Kulkarni Director	Non - Executive Independent	Three	No	Five	Two	Nil	Rama Petrochemicals Limited- Non Executive Independent	Nil
Ms. Shefali B. Karani Director (From 28/12/2018 up to 15/05/2019)	Non - Executive	Nil	NA	Two	Nil	Nil	Not Applicable	Nil
Mr. B. L Khanna Director	Non - Executive Independent	Three	No	Three	One	Three	Uttam value Steels Limited – Non Executive Independent Rama Petrochemicals Limited – Non Executive Independent	Nil

- i. As on the date of this Report, none of the Directors are related to each other.
- ii. All Public Limited Companies, whether listed or not, have been considered in the above table.
- iii. Only the membership/chairmanship of Audit Committee and Stakeholder Relationship committees have been considered in the above table.

The Company has adopted a practice of sending the Agenda papers to all the Directors in electronic form which are mailed to the Directors well in advance of the Board/Committee meeting. During the year 3 (Three) Board Meetings were held on the following dates: May 15, 2019, August 12, 2019 and October 24, 2019.

During the year no meeting of the Independent Directors was held.

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.

The Board comprises highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees. The skills / expertise / competencies which have been identified for the effective functioning of the Company are Leadership, Operational experience, Sector / Industry Knowledge & Experience, Technology, Financial and, Regulatory & Risk Management. The current Board of Directors of the Company possesses all the identified skills and competencies.

4. Governance Codes

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 by SEBI (LODR) Regulations, 2015 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, Policy on Material subsidiaries 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

5. 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. D.N. Singh (Chairman), Mr. H.D. Ramsinghani and Mr. R. G. Kulkarni. During the year 3 (three) meetings of the Audit Committee were held on May 15, 2019, August 12, 2019 and October 24, 2019. The attendance at Audit committee meetings of each of the Directors is as under:

Name of the Director	Attendance at Audit Committee meetings
Mr. Deonath Singh	Three
Mr. Hareish D. Ramsinghani	Three
Mr. Ramrao G. Kulkarni	Three

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.

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

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

During the year one meeting of the Nomination & Remuneration Committee were held on August 12, 2019.

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 and de-mat/re-mat of Share Certificates etc. Investors are requested to register their complaints, if any, on the exclusive email ID: rainbow@rainbowdenim.com

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

During the year no meeting of the Stakeholders Relationship Committee was held.

A summary of complaints received and resolved by the Company during the year is given below:

	Received	Resolved
Non - Receipt of Share Certificates duly transferred	0	0
Non - Receipt of Rejected DRF	0	0
Non – Receipt of Exchange Certificate	0	0
Non - Receipt of Bonus Certificate	0	0
TOTAL	0	0
No. of complaints pending	NIL	

6. Remuneration of Directors

(a) Whole Time Director

The Whole Time Director was paid a remuneration of ₹ 25.20 Lakh during the year under review comprising of Salary and Allowances.

(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 (Rupees)
Mr. H.D. Ramsinghani	14,000/-
Mr. S.S. Arora	N.A.
Mr. D.N. Singh	14,000/-
Ms. Shefali B Karani	Nil
Mr. R.G. Kulkarni	14,000/-
Mr. B.L. Khanna (w.e.f. 28/03/2019)	6,000/-
TOTAL	48,000/-

7. General Body Meetings:

Financial Year	Date	Time	Location
2016 – 2017	21/09/2017	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2017 - 2018	18/09/2018	10.00 A.M	Village Chaundheri, P.O. Dappar, Dist. Mohali, Punjab 140506
2018 - 2019	30/12/2019	10.00 A.M	Village Chaundheri, P.O. Dappar, Dist. Mohali, Punjab 140506

8. Postal Ballot / Special Resolutions

During the year under review no resolutions were passed through the Postal Ballot process.

The details of the Special Resolutions passed in the previous Three Annual General Meetings are as under:

Date	Particulars
21/09/2017	Appointment of Mr. S. S. Arora as Whole Time Director w.e.f. 01/06/2017
18/09/2018	Continuation of Directorship of Mr. D. N. Singh (DIN 00021741), who has attained the age of 75 years, as an Independent Director for the remaining term.
30/12/2019	Approval of remuneration of Cost Auditors M/s. Pawan & Associates (Registration No. 101729) Reappointment of Mr. D N Singh (DIN 00021741) as an Independent Director of the company. Appointment of Mr. B L Khanna (DIN 00841927) as an Independent Director of the Company.

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 : 31st March, 2020
- Annual General Meeting : September 30, 2020 at 3:00 p.m.
Through two way video conferencing/OAVM. The venue of the Meeting will be deemed to be the Registered Office at Village Chaundheri, P.O. Dappar, Tehsil Derabassi, District Mohali, Punjab 140506
- Dates of Book Closure : September 23, 2020 to September 30, 2020 (both days inclusive)

Dividend payment date : Not Applicable
Listing on Stock Exchange : Bombay Stock Exchange Ltd.
Stock Code : 532441
ISIN : INE820D01025

The Company has paid listing fees to the Bombay Stock Exchange for the period up to March 31, 2020.

11. Market Price Data (High / Low in Rupees during each month)

Month	High	Low
April 2019	6.33	5.72
May 2019	5.44	5.44
June 2019	-	-
July 2019	5.44	5.44
August 2019	5.40	5.40
September 2019	-	-
October 2019	5.40	5.25
November 2019	5.78	5.00
December 2019	4.75	4.75
January 2020	4.80	4.38
February 2020	4.17	2.36
March 2020	2.32	2.28

As the equity shares are not frequently traded on the Bombay Stock Exchange, the stock performance as compared to 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

Website: www.linkintime.com

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 etc. 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, 2020

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 - 500	13755	96.86	1005297	7.57
501 - 1000	213	1.50	160130	1.21
1001 - 2000	84	0.59	123613	0.93
2001 - 3000	26	0.19	63709	0.48
3001 - 4000	20	0.14	72525	0.55
4001 - 5000	29	0.20	139408	1.04
5001 - 10000	29	0.20	198965	1.50
10001 & above	45	0.32	11520096	86.72
Total	14201	100.00	13283743	100.00

15. Shareholders' Profile as on March 31, 2020

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	9649638	72.64
Non Promoter Shareholding		
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
Trusts/HUF/NBFC	134666	1.01
Domestic Companies	198736	1.50
Non-Domestic Companies	Nil	N A
Non-Resident Indians	40621	0.31
General Public	2635642	19.84
Total	13283743	100.000

16. Dematerialization of shares as on March 31, 2020

95.30% of the Company's total share capital representing 12659917 Equity shares are held in dematerialized form.

There were no shares lying in the share suspense account as on March 31, 2020.

17. Plant Location

Village Chaundheri, P.O. Dapper, Tehsil Derabassi, Dist. Mohali, Punjab, 140506.

18. Address for Correspondence

Shareholders should address all correspondence to the Company at its Corporate Office at 51/52, Free Press House, Nariman Point, Mumbai 400 021 or to the Registrars and Transfer Agent - Link Intime India Private Limited at C - 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 083.

19. Appointment / Reappointment of Directors

Mr. S. S. Arora and Mr R G Kulkarni are proposed to be appointed/reappointed at the forthcoming Annual General Meeting. The relevant information about the said Directors is given in the Notice convening the Annual General Meeting.

20. Disclosures

- a) The Company is in compliance with the requirements of the Listing Regulations as are applicable to a Company undergoing resolution process under IBC, 2016.
- 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 arm's 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.
- i) Adoption of non-mandatory provisions of the Listing Regulations is reviewed by the Board from time to time.
- j) The total fees paid by the Company to the Statutory Auditors during the year under review was Rs 5,32,849/-
- k) The Company has obtained a Certificate dated July 22, 2020 from A. Arora & Company (Membership No. FCS2191/ CP No. 993) certifying that none of the Directors on the Board of the company have been disqualified from being appointed or continuing as a Director of the Company.
- n) During the year 2019-2020, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

By the Order of the Resolution Professional

H. D. RAMSINGHANI

CHAIRMAN

DIN 00035416

Place : Mumbai

Dated : August 20, 2020

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, 2020.

H. D. RAMSINGHANI

CHAIRMAN

DIN 00035416

Place : Mumbai

Dated : August 20, 2020

Auditors Certificate

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 (as amended)

To the Members of

Rainbow Denim Limited

1. The Corporate Insolvency Resolution Process (CIRP) of the Company commenced vide order dated 9th December, 2019 passed by Hon'ble NCLT, Chandigarh Bench. As per section 17(1) (b) of Insolvency and Bankruptcy Code, 2016 (IBC), the powers of the Board of the Company are suspended and vested in IRP/RP, as the case may be. Presently, Mr. Dharmendra Kumar Bhasin (Registration No. IBBI/ IPA-002/IP-N00816/2019-2020/12564) is discharging the duties of Resolution Professional and is vested with the powers of management of Company's Affairs.
2. 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, 2020. 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

3. 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.
4. The Management is 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

5. 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.
6. 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.
7. 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.
8. 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.
9. 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

10. Based on the procedures performed by us as referred in paragraph 8 and 9 above and our remarks in para 1 above and according to the information and explanations given to us, we are of the opinion that, except that there is no Women Director appointed, the Company has complied with the conditions of Corporate Governance as

stipulated in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 1 above.

Other matters and Restriction on Use

11. 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.
12. 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.

Place : Mumbai
Date : 20th August, 2020.

For Khandelwal & Mehta LLP
Chartered Accountants
(Firm Regn.no.W100084)

Sunil Khandelwal
(Partner)
Mem. No. 101388
UDIN: 20101388AAAACO3526

CERTIFICATE

To
The Board of Directors,
Rainbow Denim Limited

I hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2020 and to the best of my knowledge and belief:

1. That these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
2. That these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

I hereby certify that, to the best of my knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

I accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I was aware and the steps taken or proposed to be taken to rectify these deficiencies.

I have indicated to the Auditors and the Audit Committee

1. significant changes, if any, in internal control over financial reporting during the year;
2. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. Instances, if any, of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

Place : Mumbai
Dated : August 20, 2020

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

Independent Auditor's Report

To the Members of Rainbow Denim Limited

Report on the Financial Statements

Qualified Opinion

We have audited the Financial Statements of **Rainbow Denim Limited** ("the Company"), which comprise of the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2020;
- (b) in the case of the Statement of Profit and Loss, 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.

Basis for Qualified Opinion

Going Concern – We draw attention to Note 37 regarding the Company's Financial Statements having been prepared using the going concern basis of accounting. Management is responsible for assessing the Company's ability to continue as a going concern. The Value of impairment of assets, if any, has not been ascertained. The Balance Sheet and Cash Flow Statement, indicate that as on March 31, 2020, the Company's Current Liabilities are more than double of its total Assets; and Company has incurred net Operating Loss of ₹ 13,64,37,904/- during the year ended March 31, 2020. Further discontinuance of production indicates that a material uncertainty exists, which casts significant doubt on the Company's ability to continue as a going concern. Our opinion is modified in respect of this matter.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.N.	Key Audit Matters	Auditor's Response
1.	Measurement of Arm's Length price for Related party transaction	Price comparisons for the given materials with the available quoted rates are reviewed.
2.	Impairment of assets	Refer para on Basis for Qualified Opinion of the report above.

S.N.	Key Audit Matters	Auditor's Response
3.	Provision for Doubtful Advances and Recoverable	Review of future recoverability in the light of applicable statute.
4.	Ability to continue as a going concern	Our opinion is suitably modified. Refer para on Basis for Qualified Opinion of the report above.

Information Other than the Financial Statements and Auditor's Report thereon

The Management of the Company is responsible for the preparation of the other information. The other information comprises of the information included in the Management Discussion and Analysis, Draft Board's Report including Annexures to the said Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Hon'ble National Company Law Tribunal, Chandigarh bench ("NCLT") admitted an insolvency and bankruptcy petition filed by an operational creditor against the Company vide its order dated 9th December, 2019 ("the Order") and appointed Mr. Dharmendra K Bhasin to act as Interim Resolution Professional ("IRP") who is subsequently appointed as Resolution Professional (RP). On the basis of the Order of the NCLT Mr. Dharmendra K Bhasin in his capacity as IRP / RP has taken control and custody of the management and operations of the Company from 9th December, 2019.

The Management of the Company is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Annual Report 2019-2020

- c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no 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: 30th June, 2020.
UDIN :20101388AAAACL8476

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 Limited** (“the Company”) on the financial statements for the year ended 31st March 2020. We report that:

1. In respect of its fixed assets:
 - a) The Company, on the basis of available information, has maintained proper records showing full particulars including quantitative details and situations of fixed assets;
 - 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. In respect of Inventory:
 - a) 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.
 - b) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the Company and the nature of the business.
 - c) No material discrepancies have been noticed on physical verification of the stocks as compared to book records in so far as it appears from our examination of the books.
3. According to the information and explanations given to us and on the basis of our examination of books of account, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (“the Act”) and hence paragraph 3(iii) of the Order is not applicable.
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 Act 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 Act 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, except following unpaid liabilities, there were no undisputed amounts payable in respect of Provident Fund, Employee’s State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value added tax, Cess and any other statutory dues with appropriate authorities outstanding as on 31st March, 2020, for a period of more than six months from the date they became payable.

Name of Statute	Nature of Dues	Amount In ₹	Period to which the amount relates	Due Date	Date of Payment
Employees State Insurance Act, 1948	Employees State Insurance	9,37,703	FY 2019-20	Various Dates	Unpaid
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	43,25,406	FY 2019-20	Various Dates	Unpaid

- b) According to the records of the Company and information and explanations given to us there are no dues of Sales Tax, Goods and Service 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 ₹ 22,52,86,932/- as at 31st March, 2020.
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.
11. According to the information and explanations give to us managerial remuneration paid by the Company is in accordance with section 197 read with Schedule V to 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

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

Place: Mumbai
Date: 30th June, 2020.

“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, 2020 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 Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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, 2020, 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

Place: Mumbai
Date: 30th June, 2020.

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

BALANCE SHEET AS AT MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS :			
Non-current Assets :			
Property, Plant and Equipment	2	24,04,77,667	25,93,55,419
Intangible Assets	2	2,78,907	3,24,833
Financial Assets			
Investments	3	2,81,250	2,81,250
Other Non-current Financial Assets	4	2,05,07,405	2,55,49,995
Other Non-current Assets	5	5,04,494	9,89,516
		<u>26,20,49,723</u>	<u>28,65,01,013</u>
Current Assets :			
Inventories	6	4,59,58,381	10,11,81,521
Financial Assets			
Trade Receivables	7	1,63,95,622	11,89,86,439
Cash and Cash Equivalents	8	48,44,207	26,22,147
Other Current Financial Assets	9	44,18,115	1,40,92,663
Other Current Assets	10	54,92,128	52,24,723
		<u>7,71,08,453</u>	<u>24,21,07,493</u>
		<u>33,91,58,176</u>	<u>52,86,08,506</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES :			
Equity :			
Equity Share Capital	11	13,28,37,430	13,28,37,430
Other Equity	12	(1,67,40,17,075)	(1,51,98,64,219)
		<u>(1,54,11,79,645)</u>	<u>(1,38,70,26,789)</u>
Liabilities :			
Non-current Liabilities :			
Financial Liabilities			
Non-current Borrowings	13	76,43,13,048	80,50,04,945
Other Non-current Financial Liabilities	14	30,000	50,000
		<u>76,43,43,048</u>	<u>80,50,54,945</u>
Current Liabilities :			
Financial Liabilities			
Current Borrowings	15	3,48,60,530	1,53,83,162
Trade Payables	16	35,11,64,211	43,90,23,815
Other Current Financial Liabilities	17	42,27,73,754	24,21,00,706
Provisions	18	52,00,202	52,00,202
Other Current Liabilities	19	30,19,96,076	40,88,72,465
		<u>1,11,59,94,773</u>	<u>1,11,05,80,350</u>
		<u>33,91,58,176</u>	<u>52,86,08,506</u>
TOTAL LIABILITIES			
Significant Accounting Policies	1		

The accompanying Notes 1 to 43 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 Rainbow Denim Limited,
(a Company under Corporate Insolvency Resolution Process vide NCLT order)**

**Sunil Khandelwal
Partner
Membership Number : 101388**

**S. S. Arora
Director and CFO**

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

**Dharmendra K. Bhasin
Resolution Professional
IP Registration No.
IBBI/IPA-002/IP-N00816/
2019-2020/12564**

**Place : Mumbai
Date : June 30, 2020**

**Place : Mumbai
Date : June 30, 2020**

**Place : Lalru (Punjab)
Date : June 30, 2020**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
REVENUE :			
Revenue from Operations :			
Sale of Finished Goods	20	4,02,41,080	69,63,88,515
Other Operating Revenues	21	2,19,02,097	1,39,94,879
Total Revenue from Operations		6,21,43,177	71,03,83,394
Other Income	22	11,60,72,348	25,28,03,378
TOTAL REVENUE		17,82,15,525	96,31,86,772
EXPENSES :			
Cost of Materials Consumed/Sold	23	1,04,35,811	43,12,37,479
Changes in Inventories of Finished Goods and Work-in-progress - Decrease / (Increase)	24	4,51,73,926	3,69,70,690
Employee Benefits Expense	25	11,38,59,468	14,65,58,342
Finance Costs	26	11,14,39,667	12,01,31,114
Depreciation	2 & 12	1,89,18,490	2,00,63,663
Other Expenses	27	3,99,67,113	32,14,81,290
TOTAL EXPENSES		33,97,94,475	1,07,64,42,578
Profit / (Loss) Before Tax		(16,15,78,950)	(11,32,55,806)
Tax Expense		-	-
Profit / (Loss) for the year		(16,15,78,950)	(11,32,55,806)
Other Comprehensive Income/(Expense)			
Other Comprehensive Income/(Expense) that will not to be reclassified to Profit or Loss in subsequent periods :			
Re-measurement of Gains/(Losses) on Defined Benefits Obligations		74,31,282	(7,34,247)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		(15,41,47,668)	(11,39,90,053)
Earning per Equity Share of Face Value of ₹ 10.00 each	28		
- Basic		(12.16)	(8.53)
- Diluted		(12.16)	(8.53)

Significant Accounting Policies

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The accompanying Notes 1 to 43 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 Rainbow Denim Limited,
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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax	(15,41,47,668)	(11,39,90,053)
Adjustments for :		
Depreciation	1,89,18,490	2,00,63,663
Loss / (Profit) on Sale/Disposal of Assets	-	(13,55,16,399)
Interest Accrued	1,31,564	76,49,595
Interest Adjustment on Amortised Cost of Debts	46,40,235	41,96,353
Interest Income	-	(29,42,961)
Bad/doubtful Debts, Advances and Recoverables Written Off/ Provided	1,73,892	4,20,30,237
Provisions Written Back	(79,67,542)	(4,33,400)
Loss/(Gain) on Foreign Exchange Fluctuations	18,13,125	(54,23,001)
	<u>1,77,09,764</u>	<u>(7,03,75,913)</u>
Operating Loss Before Working Capital Changes	(13,64,37,904)	(18,43,65,966)
Adjustments for :		
(Increase) / Decrease in Inventories	5,52,23,140	5,00,89,232
(Increase) / Decrease in Trade and Other Receivables	11,79,78,485	27,57,25,930
Increase / (Decrease) in Trade and Other Payables	<u>(5,94,15,077)</u>	<u>(9,91,25,013)</u>
	<u>11,37,86,548</u>	<u>22,66,90,149</u>
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	(2,26,51,356)	4,23,24,183
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (Including Capital Advances)	-	(1,10,914)
Sale of Fixed Assets	-	15,05,78,050
Interest Income	-	29,42,961
Sale of Investments	-	4,34,400
(Increase) / Decrease in Non-current Assets	55,27,612	72,97,403
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	55,27,612	16,11,41,900
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase / (Decrease) in Non-current Financial Borrowings (Net)	-	(14,37,51,847)
Increase / (Decrease) in Current Financial Borrowings (Net)	1,94,77,368	(5,37,57,202)
Interest Paid	(1,31,564)	(97,10,842)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	1,93,45,804	(20,72,19,891)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	22,22,060	(37,53,808)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	26,22,147	63,75,955
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	48,44,207	26,22,147

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 Rainbow Denim Limited,
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Place : Mumbai
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Place : Mumbai
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Place : Lalru (Punjab)
Date : June 30, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. EQUITY SHARE CAPITAL : (Amount in ₹)

Balance as at April 01, 2019	13,28,37,430
Change in the Equity Share Capital during the year	-
Balance as at March 31, 2020	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, 2019	9,11,65,914	4,93,64,092	6,36,003	(1,66,10,30,228)	(1,51,98,64,219)
Profit/(Loss) for the year	(5,188)	-	-	(16,15,78,950)	(16,15,84,138)
Other Comprehensive Income for the year	-	-	-	74,31,282	74,31,282
Total Comprehensive Income for the year	(5,188)	-	-	(15,41,47,668)	(15,41,52,856)
Dividends	-	-	-	-	-
Transferred to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as at March 31, 2020	9,11,60,726	4,93,64,092	6,36,003	(1,81,51,77,896)	(1,67,40,17,075)

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

Sunil Khandelwal
Partner
Membership Number : 101388

Place : Mumbai
Date : June 30, 2020

For Rainbow Denim Limited,
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2019-2020/12564

Place : Mumbai
Date : June 30, 2020

Place : Lalru (Punjab)
Date : June 30, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

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.

Assets class	Useful life
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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2. PROPERTY, PLANT AND EQUIPMENT :

PARTICULARS	TANGIBLE ASSETS								INTANGIBLE ASSETS		TOTAL
	Freehold Land (Including Site Development)	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Computers and Peripherals	Office and Other Equipments	Computer Softwares	₹	₹	
	₹	₹	₹	₹	₹	₹	₹	₹			
Cost as at April 01, 2018	3,28,35,622	34,00,20,599	1,59,64,78,198	53,21,755	80,93,856	86,61,307	31,26,351	55,00,235	2,00,00,37,923		
Additions during the year				18,600		52,260	40,054		1,10,914		
(Deductions)/Adjustments during the year	(1,50,36,205)				(4,76,055)		(32,865)		(1,55,45,125)		
Cost as at March 31, 2019	1,77,99,417	34,00,20,599	1,59,64,78,198	53,40,355	76,17,801	87,13,567	31,33,540	55,00,235	1,98,46,03,712		
Accumulated depreciation as at April 01, 2018		18,16,59,063	1,49,83,28,049	45,73,938	53,26,248	79,71,853	26,72,717	48,06,229	1,70,53,38,097		
Depreciation during the year		1,03,01,662	86,24,649	1,07,912	4,38,167	1,36,241	91,033	3,69,173	2,00,68,837		
(Deductions)/Adjustments during the year					(4,52,252)		(31,222)		(4,83,474)		
Accumulated depreciation as at March 31, 2019	-	19,19,60,725	1,50,69,52,698	46,81,850	53,12,163	81,08,094	27,32,528	51,75,402	1,72,49,23,460		
Net Carrying amount as at March 31, 2019	1,77,99,417	14,80,59,874	8,95,25,500	6,58,505	23,05,638	6,05,473	4,01,012	3,24,833	25,96,80,252		
Cost as at April 01, 2019	1,77,99,417	34,00,20,599	1,59,64,78,198	53,40,355	76,17,801	87,13,567	31,33,540	55,00,235	1,98,46,03,712		
Additions during the year	-	-	-	-	-	-	-	-	-		
(Deductions)/Adjustments during the year	-	-	-	-	-	-	-	-	-		
Cost as at March 31, 2020	1,77,99,417	34,00,20,599	1,59,64,78,198	53,40,355	76,17,801	87,13,567	31,33,540	55,00,235	1,98,46,03,712		
Accumulated depreciation as at April 01, 2019	-	19,19,60,725	1,50,69,52,698	46,81,850	53,12,163	81,08,094	27,32,528	51,75,402	1,72,49,23,460		
Depreciation during the year	-	1,03,29,883	78,38,901	92,233	4,12,398	1,16,343	87,994	45,926	1,89,23,678		
(Deductions)/Adjustments during the year	-	-	-	-	-	-	-	-	-		
Accumulated depreciation as at March 31, 2020	-	20,22,90,608	1,51,47,91,599	47,74,083	57,24,561	82,24,437	28,20,522	52,21,328	1,74,38,47,138		
Net Carrying amount as at March 31, 2020	1,77,99,417	13,77,29,991	8,16,86,599	5,66,272	18,93,240	4,89,130	3,13,018	2,78,907	24,07,56,574		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. NON-CURRENT INVESTMENTS (At Cost) :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Investments in Equity Shares (Trade) :		
Unquoted :		
28,125 Equity Shares (Previous Year 28,125) of ₹ 10.00 each in Nimbua Greenfield (Punjab) Limited fully paid up.	2,81,250	2,81,250
Sub-total	2,81,250	2,81,250
TOTAL NON-CURRENT INVESTMENTS	2,81,250	2,81,250
Aggregate value of unquoted Investments :		
At Cost price	2,81,250	2,81,250

4. OTHER NON-CURRENT FINANCIAL ASSETS :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Security Deposits	1,92,49,749	2,16,80,075
Taxes Paid and Refund Receivable	12,57,656	38,69,920
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	2,05,07,405	2,55,49,995

5. OTHER NON-CURRENT ASSETS :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Prepaid Expenses	5,04,494	9,89,516
TOTAL OTHER NON-CURRENT ASSETS	5,04,494	9,89,516

6. INVENTORIES :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Raw Materials	20,73,550	1,16,61,112
Work-in-progress	1,25,86,942	3,62,24,350
Finished Goods	1,45,91,836	3,57,04,975
Colours, Dyes and Chemicals	38,19,557	40,52,229
Stores, Packing Materials and Consumables	1,28,45,398	1,30,74,378
Waste and Scrap	41,098	4,64,477
TOTAL INVENTORIES	4,59,58,381	10,11,81,521

- 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.*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

7. TRADE RECEIVABLES :

[Unsecured]

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Considered good	1,63,95,622	11,89,86,439
Considered doubtful	1,23,08,003	1,23,08,003
	<u>2,87,03,625</u>	<u>13,12,94,442</u>
Less : Provision for Doubtful Debts	(1,23,08,003)	(1,23,08,003)
TOTAL TRADE RECEIVABLES	<u><u>1,63,95,622</u></u>	<u><u>11,89,86,439</u></u>

8. CASH AND CASH EQUIVALENTS :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
A. Cash and Cash Equivalents :		
Balances with Banks :		
in Current Accounts	48,34,867	20,45,549
Cash Balance on Hand	9,340	5,76,598
TOTAL (A)	<u>48,44,207</u>	<u>26,22,147</u>
TOTAL	<u><u>48,44,207</u></u>	<u><u>26,22,147</u></u>

9. OTHER CURRENT FINANCIAL ASSETS :

[Unsecured, considered good]

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Export Incentives Receivables	43,98,115	1,26,88,748
Balance with Government Authorities	2,59,24,308	3,37,17,958
Other Loans and Advances	20,000	14,03,915
	<u>3,03,42,423</u>	<u>4,78,10,621</u>
Less : Provision for Doubtful Adjustment/Recovery of GST	(2,59,24,308)	(3,37,17,958)
TOTAL OTHER CURRENT FINANCIAL ASSETS	<u><u>44,18,115</u></u>	<u><u>1,40,92,663</u></u>

10. OTHER CURRENT ASSETS :

[Unsecured, considered good]

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Advances for Supply of Goods and Services	40,90,190	38,53,700
Prepaid Expenses	14,01,938	13,71,023
TOTAL OTHER CURRENT ASSETS	<u><u>54,92,128</u></u>	<u><u>52,24,723</u></u>

11. EQUITY SHARE CAPITAL :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	₹	Number of Shares	₹
AUTHORISED :				
Equity Shares of ₹ 10.00 each	2,70,00,000	27,00,00,000	2,70,00,000	27,00,00,000
	<u>2,70,00,000</u>	<u>27,00,00,000</u>	<u>2,70,00,000</u>	<u>27,00,00,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP :				
Equity Shares of ₹ 10.00 each fully paid-up	1,32,83,743	13,28,37,430	1,32,83,743	13,28,37,430
TOTAL	<u><u>1,32,83,743</u></u>	<u><u>13,28,37,430</u></u>	<u><u>1,32,83,743</u></u>	<u><u>13,28,37,430</u></u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Capital Reserve :		
Balance as per last financial statements	9,11,65,914	9,11,71,088
Adjustment for Depreciation	(5,188)	(5,174)
Balance at the end of the year	9,11,60,726	9,11,65,914
Share Premium Account :		
Balance as per last financial statements	4,93,64,092	4,93,64,092
Interest Subsidy :		
Balance as per last financial statements	6,36,003	6,36,003
Surplus / (Deficit) in Statement of Profit and Loss :		
Balance as per last financial statements	(1,66,10,30,228)	(1,54,70,40,175)
Net Profit/(Net Loss) for the year	(16,15,78,950)	(11,32,55,806)
Other Comprehensive Income/(Expense) for the year	74,31,282	(7,34,247)
Balance at the end of the year	(1,81,51,77,896)	(1,66,10,30,228)
TOTAL OTHER EQUITY	(1,67,40,17,075)	(1,51,98,64,219)

13. NON-CURRENT BORROWINGS :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current Maturities	Non-current	Current Maturities
Secured :				
Other Loans [Refer Note 13.1]	76,43,13,048	37,72,86,932	80,50,04,945	22,52,86,932
Total Secured Non-current Borrowings	76,43,13,048	37,72,86,932	80,50,04,945	22,52,86,932
TOTAL NON-CURRENT BORROWINGS				
Less : Disclosed under Other Current Liabilities [Refer Note 17]		(37,72,86,932)		(22,52,86,932)
TOTAL NON-CURRENT BORROWINGS	76,43,13,048	37,72,86,932	80,50,04,945	22,52,86,932

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

13.1 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 Enterprise Limited (ACRE), Loans taken from Bank of India assigned to Assets Care & Reconstruction Enterprise Limited (ACRE) and Loans taken from Dena Bank assigned to Assets Care & Reconstruction Enterprise 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 :

Year / Rate of Interest per annum	0.00%
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 ₹ 22,52,86,932 (Previous Year - ₹ 9,77,86,932)

14. OTHER NON-CURRENT FINANCIAL LIABILITIES :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Security Deposits	30,000	50,000
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	30,000	50,000

15. CURRENT BORROWINGS :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Secured :		
Working Capital Loans from Bank	-	1,53,83,162
<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>		
Total Secured Current Borrowings	-	1,53,83,162
Unsecured :		
Loans and Advances from Related Parties [Refer Note 29.1]	3,48,60,530	-
Total Unsecured Current Borrowings	3,48,60,530	-
TOTAL CURRENT BORROWINGS	3,48,60,530	1,53,83,162

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

- Rate of Interest per annum	9.75%
- Amount Outstanding in Cash Credit Account	3,23,343
- Rate of Interest per annum (Net)	6.50%
- Amount Outstanding in Foreign Bills Discounting Account	1,50,59,819

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

16. TRADE PAYABLES :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	35,11,64,211	43,90,23,815
TOTAL TRADE PAYABLES	35,11,64,211	43,90,23,815

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, 2020 ₹	As at March 31, 2019 ₹
Current Maturities of Long Term Debts [Refer Note 13]	37,72,86,932	22,52,86,932
Statutory Dues	1,61,70,715	22,85,625
Employee Dues	2,93,16,107	1,44,35,049
Other Liabilities	-	93,100
TOTAL OTHER CURRENT FINANCIAL LIABILITIES	42,27,73,754	24,21,00,706

18. CURRENT PROVISIONS :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Provision for Employee Benefits [Refer Note 25]	52,00,202	52,00,202
TOTAL CURRENT PROVISIONS	52,00,202	52,00,202

19. OTHER CURRENT LIABILITIES :

Particulars	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Amortised Cost of Debts	30,18,01,376	40,84,69,244
Advances from Customers	1,94,700	4,03,221
TOTAL OTHER CURRENT LIABILITIES	30,19,96,076	40,88,72,465

20. SALE OF FINISHED GOODS :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Sale of Denim Fabric	4,02,41,080	69,63,88,515
TOTAL SALE OF PRODUCTS	4,02,41,080	69,63,88,515

21. OTHER OPERATING REVENUES :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Sale of Waste and Other Sales	2,18,04,656	54,64,153
Export Incentives	97,441	85,30,726
TOTAL OTHER OPERATING REVENUES	2,19,02,097	1,39,94,879

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

22. OTHER INCOME :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Gain on Foreign Exchange Fluctuations (Net)	-	54,23,001
Profit on Sale of Assets (Net)	-	13,55,16,399
Interest Income	-	29,42,961
Interest on Amortised Cost of Debts	10,66,67,868	10,82,85,166
Miscellaneous Income	94,04,480	6,35,851
TOTAL OTHER INCOME	11,60,72,348	25,28,03,378

23. COST OF MATERIALS CONSUMED/SOLD :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Opening Stock	1,16,61,112	2,13,03,343
Add : Purchases	8,48,249	42,15,95,248
	1,25,09,361	44,28,98,591
Less : Closing Stock	20,73,550	1,16,61,112
TOTAL MATERIALS CONSUMED/SOLD	1,04,35,811	43,12,37,479

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

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Finished Goods :		
Closing Stocks	1,45,91,836	3,57,04,975
Opening Stocks	3,57,04,975	5,28,08,595
Decrease / (Increase) in Finished Goods	2,11,13,139	1,71,03,620
Work-in-progress :		
Closing Stocks	1,25,86,942	3,62,24,350
Opening Stocks	3,62,24,350	5,64,90,092
Decrease / (Increase) in Work-in-progress	2,36,37,408	2,02,65,742
Waste :		
Closing Stocks	41,098	4,64,477
Opening Stocks	4,64,477	65,805
Decrease / (Increase) in Waste	4,23,379	(3,98,672)
DECREASE / (INCREASE) IN INVENTORIES	4,51,73,926	3,69,70,690

25. EMPLOYEE BENEFITS EXPENSE :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Salary and Wages (Including Contractual Workmen)	10,17,82,284	12,70,57,183
Contribution to Provident Fund and Other Funds	1,13,82,233	1,82,29,247
Staff Welfare Expenses	6,94,951	12,71,912
TOTAL EMPLOYEE BENEFITS EXPENSE	11,38,59,468	14,65,58,342

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 ₹	For the year ended March 31, 2019 ₹
- Provident Fund	86,00,406	94,63,669
- Employees' State Insurance	26,56,687	41,52,083

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.

The details of Company's Gratuity Fund are given below, which are managed by Life Insurance Corporation of India :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
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Principal Actuarial Assumptions :

Discount rate	7.50%	8.00%
Salary escalation rate	7.00%	7.00%

Changes in present value of the obligation :

Present value of the Obligation at the beginning of the year	2,44,37,526	2,05,58,582
Interest Cost	18,32,814	16,44,687
Current Service Cost	41,06,564	39,96,708
Benefits Paid	(13,27,394)	(24,96,698)
Actuarial (Gain) / Loss on Obligation	(74,31,282)	7,34,247
Present value of Obligation at year end	2,16,18,228	2,44,37,526

Changes in the fair value of Plan Assets

Fair value of Plan Assets at the beginning of year	1,92,37,324	1,61,40,664
Expected return on Plan Assets	13,62,168	11,75,440
Contribution	-	44,17,918
Benefits Paid	(13,27,394)	(24,96,698)
Actuarial gain/(loss) on Plan Assets	-	-
Fair value of Plan Assets at the end of year	1,92,72,098	1,92,37,324

Actuarial Gain / (Loss) recognized :

Actuarial Gain / (Loss) for the year

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
- Obligation	74,31,282	(7,34,247)
- Plan Assets	-	-
Total Gain / (Loss) for the year	74,31,282	(7,34,247)
Actual Gain / (Loss) recognized in the year	74,31,282	(7,34,247)
Amount to be recognized in the Balance Sheet :		
Present value of Obligation at year end	2,16,18,228	2,44,37,526
Fair value of Plan Assets at year end	1,92,72,098	1,92,37,324
Funded status	(23,46,130)	(52,00,202)
Net Asset / (Liability) recognized in the Balance Sheet	-	(52,00,202)
Expenses recognized in the Statement of Profit and Loss :		
Current Service Cost	41,06,564	39,96,708
Interest Cost	18,32,814	16,44,687
Expected return on Plan Assets	(13,62,168)	(11,75,440)
Actuarial (Gain) / Loss recognized in the year	(74,31,282)	7,34,247
Expenses recognized in the Statement of Profit and Loss	-	52,00,202

26. FINANCE COSTS :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Interest Expenses	1,31,564	76,49,595
Interest on Amortised Cost of Debts	11,13,08,103	11,24,81,519
TOTAL FINANCE COSTS	11,14,39,667	12,01,31,114

27. OTHER EXPENSES :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Manufacturing Expenses :		
Colours, Dyes and Chemicals Consumed	2,52,784	7,21,79,153
Stores, Spares, Packing and Consumables Consumed	3,62,406	1,09,02,192
Power and Fuel Expenses	89,17,712	11,49,17,589
Job Work Charges	-	54,59,508
Insurance Expenses	40,66,685	12,81,852
Repairs and Maintenance :		
- Buildings	-	6,52,948
- Plant and Machinery	5,22,143	39,20,139
Total Manufacturing Expenses	1,41,21,730	20,93,13,381
Administrative Expenses :		
Travelling and Conveyance Expenses	8,97,959	43,88,945
Rental and Hiring Charges	21,71,932	66,87,650
Postage and Courier Expenses	3,35,805	4,78,179

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
Printing and Stationery	1,54,015	20,53,416
Rates, Fee and Taxes	16,26,507	16,63,551
Professional and Legal Expenses	33,84,164	43,64,551
Telecommunication Expenses	3,43,782	10,48,505
Directors' Sitting Fee	48,000	98,000
Auditors' Remuneration :		
- for Audit Fee	3,35,000	3,38,650
- for Taxation Matters	75,000	75,000
- for Other Services	98,000	85,000
- for Re-imburement of Expenses	24,849	-
Advertisement and Publicity Expenses	8,59,316	96,872
Repairs and Maintenance to Others	3,63,718	10,44,612
Running and Maintenance to Vehicles	9,01,221	15,53,786
Doubtful Advances and Recoverables Provided	1,73,892	3,37,17,958
Loss on Foreign Exchange Fluctuations	18,13,125	-
Financial Charges	5,22,510	18,19,269
Other Expenses	12,21,558	41,80,385
Total Administrative Expenses	1,53,50,353	6,36,94,329
Selling and Distribution Expenses :		
Freight and Forwarding Expenses	1,10,610	1,49,75,379
Sales Commission	21,198	75,37,344
Rebate, Discounts and Claims	1,02,06,825	1,20,81,695
Doubtful Debts Provided	-	83,12,279
Other Selling and Distribution Expenses	1,56,397	55,66,883
Total Selling and Distribution Expenses	1,04,95,030	4,84,73,580
TOTAL OTHER EXPENSES	3,99,67,113	32,14,81,290

28. EARNING PER EQUITY SHARE :

Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
a. Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(16,15,78,950)	(11,32,55,806)
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	(12.16)	(8.53)
g. Diluted Earning per Equity Share	(12.16)	(8.53)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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. Shefali B. Karani - Director (Upto May 15, 2019)
(v)	Enterprises over which Key Managerial Personnel are able to exercise significant influence.	Rama Phosphates Limited Blue Lagoon Investments Private Limited
(vi)	Non-executive/Independent Directors	Mr. D. N. Singh - Director Mr. R. G. Kulkarni - Director Mr. B. L. Khanna - Director

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

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	(6,21,18,858)		(1,72,280)		(6,22,91,138)
Directors' Remuneration		25,20,362 (26,88,000)			25,20,362 (26,88,000)
Directors' Sitting Fee		14,000 (26,000)		34,000 (64,000)	48,000 (90,000)
Loans Taken	3,62,00,000		50,00,000 (60,00,000)		4,12,00,000 (60,00,000)
Loans Repaid	13,39,470		50,00,000 (60,00,000)		63,39,470 (60,00,000)

Figures in parentheses represents Previous Year's amounts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

29.1 Disclosure in respect of Related Party transactions :

	Relationship	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchases/Materials Consumed :			
Rainbow Agri Industries Limited	Associates	-	6,21,18,858
Rama Phosphates Limited	Enterprises	-	1,72,280
Directors' Remuneration :			
Mr. S. S. Arora	KMP / Relatives	25,20,362	26,88,000
Sitting Fee to Directors :			
Mr. H. D. Ramsinghani	KMP / Relatives	14,000	26,000
Mr. D. N. Singh	Others	14,000	32,000
Mr. R. G. Kulkarni	Others	14,000	2,000
Mr. B. L. Khanna	Others	6,000	30,000
Loan Taken :			
Rainbow Agri Industries Limited	Associates	3,62,00,000	-
Blue Lagoon Investments Private Limited	Enterprises	50,00,000	60,00,000
Loan Repaid :			
Rainbow Agri Industries Limited	Associates	13,39,470	-
Blue Lagoon Investments Private Limited	Enterprises	50,00,000	60,00,000
Outstandings at the close of the year on account of :	Relationship	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Unsecured Loans :			
Rainbow Agri Industries Limited	Associates	3,48,60,530	-

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

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 March 31, 2020 ₹	As at March 31, 2019 ₹
Deferred Tax Liability :		
Property, Plant and Equipment	3,40,27,375	3,47,79,259
Deferred Tax Assets :		
Disallowance u/s 43B of Income-tax Act, 1961	(9,09,12,717)	(9,20,40,777)
Unabsorbed Depreciation and Business Loss	(48,19,08,160)	(44,70,76,050)
Temporary difference on Fair Value of Debts	(12,06,461)	(10,91,052)
Provision for Doubtful Recoverables	(99,40,401)	(1,19,66,750)
Net Deferred Tax Assets	(54,99,40,364)	(51,73,95,370)

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 March 31, 2020 ₹	As at March 31, 2019 ₹
Financial Assets :		
Investments	2,81,250	2,81,250
Trade Receivables	1,63,95,622	11,89,86,439
Cash and Cash Equivalents	48,44,207	26,22,147
Other Financial Assets	2,49,25,520	3,96,42,658
Total Financial Assets	4,64,46,599	16,15,32,494
Financial Liabilities :		
Borrowings	1,17,64,60,510	1,04,56,75,039
Trade Payables	35,11,64,211	43,90,23,815
Other Financial Liabilities	4,55,16,822	1,68,63,774
Total Financial Liabilities	1,57,31,41,543	1,50,15,62,628

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 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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, 2020	Carrying Amount	Contractual Cash Flow				
		Total	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial Liabilities :						
Borrowings	1,17,64,60,510	64,98,53,384	12,28,48,473	8,68,49,150	44,01,55,761	-
Trade Payables	35,11,64,211	35,11,64,211	35,11,64,211	-	-	-
Other Financial Liabilities	4,55,16,822	4,55,16,822	4,55,16,822	-	-	-
Total Financial Liabilities	1,57,31,41,543	1,04,65,34,417	51,95,29,506	8,68,49,150	44,01,55,761	-

As at March 31, 2019	Carrying Amount	Contractual Cash Flow				
		Total	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial Liabilities :						
Borrowings	1,04,56,75,039	66,94,23,368	9,84,07,373	8,79,87,943	48,30,28,052	-
Trade Payables	43,90,23,815	43,90,23,815	43,90,23,815	-	-	-
Other Financial Liabilities	1,68,63,774	1,68,63,774	1,68,63,774	-	-	-
Total Financial Liabilities	1,50,15,62,628	1,12,53,10,957	55,42,94,962	8,79,87,943	48,30,28,052	-

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

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 March 31, 2020 ₹	As at March 31, 2019 ₹
Borrowings	1,17,64,60,510	1,04,56,75,039
Cash and Cash Equivalents	48,44,207	26,22,147
Net Debts	1,17,16,16,303	1,04,30,52,892
Total Equity	(1,54,11,79,645)	(1,38,70,26,789)
Debt/Equity Ratio	(0.76)	(0.75)

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. As against the export obligation of US\$ 7,75,98,359 to be fulfilled by January 12, 2025 or such further extension as may be granted, the company has to fulfil balance export obligation of US\$ 11,70,524 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. Due to labour unrest, the manufacturing activities at the Company's plant situated at Village Chaundheri, P. O. Dappar, Tehsil Derabassi, District Mohali, Punjab 140506 have been suspended with effect from March 25, 2019.
37. The Auditors' have expressed significant doubt on the ability of the Company to continue as a "going concern". During the current year, the management was taking steps to revive the operations and to make them profitable.
38. The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 in terms of order dated December 09, 2019 passed by Hon'ble National Company Law Tribunal, Chandigarh Bench (Hon'ble NCLT). As per the provisions of Insolvency and Bankruptcy Code (IBC), the powers of Board of Directors of the Company have been suspended and the management of the affairs of the Company vests in the Resolution Professional (RP).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

39. As the powers of Board of Directors have been suspended, the Annual Accounts have not been adopted by the Board of Directors. However, the same have been signed by Directors of the Company, confirming accuracy and completeness of results. These financial results have been taken on record by Resolution Profesional (RP).
40. The Company, as at the date approval of these financial results has considered internal and external sources of information, in assessing the possible effects that may result from the global health pandemic relating to COVID - 19 on the carrying amounts of loans, investments, receivables, inventories and other assets. As on the date of approval of these financial results, the Company has concluded that the impact of COVID - 19 is not material based on these estimates and expects to recover the carrying amount of these assets. The impact of COVID-19 on the Company's Financial Statements may differ from that estimated as at the date of approval of these financial statements.
41. Segment wise details, as required by IND AS 108 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.
42. Figures have been rounded off to the nearest rupee.
43. Previous Year figures have been re-grouped/re-arranged, wherever necessary, to make them comparable.

Signatures to note 1 to 43

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

**Sunil Khandelwal
Partner
Membership Number : 101388**

**Place : Mumbai
Date : June 30, 2020**

**For Rainbow Denim Limited,
(a Company under Corporate Insolvency Resolution Process vide NCLT order)**

**S. S. Arora
Director and CFO**

**Place : Mumbai
Date : June 30, 2020**

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

**Dharmendra K. Bhasin
Resolution Profesional
IP Registration No.
IBBI/IPA-002/IP-N00816/
2019-2020/12564**

**Place : Lalru (Punjab)
Date : June 30, 2020**

