

The logo for Rainbow Denim Ltd. features a stylized blue 'R' with a white outline, followed by the word 'RAINBOW' in a bold, black, serif font. A horizontal blue line with a slight upward curve at the right end underlines 'RAINBOW'. Below this line, the words 'DENIM LTD.' are written in a bold, black, serif font.

RAINBOW
DENIM LTD.

TWENTIETH ANNUAL REPORT 2018-2019

BOARD OF DIRECTORS

CHAIRMAN

MR. H. D. RAMSINGHANI

WHOLE TIME DIRECTOR

MR. S. S. ARORA

DIRECTORS

MR. D. N. SINGH

MR. R. G. KULKARNI

MS. SHEFALI B. KARANI

(w.e.f. 28/12/2018 upto 15/05/2019)

MR. B. L. KHANNA

(w.e.f. 28/03/2019)

COMPANY SECRETARY

MS. BHAVNA DAVE

AUDITORS

KHANDELWAL & MEHTA LLP

CHARTERED ACCOUNTANTS

REGISTERED OFFICE & WORKS

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

CIN: L18101PB1999PLC022452

Email: rainbow@rainbowdenim.com

Website : www.rainbowdenim.com

Tel: 01762- 248810/11/12;

Fax : 01762-248761/248809

CORPORATE OFFICE

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

Email : cs@rainbowdenim.com

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

Fax : (91-22) 2204 9946

REGISTRARS & TRANSFER AGENT

LINK INTIME INDIA PVT.LTD.

C-101, 247 PARK, L. B. S MARG,

VIKHROLI (WEST), MUMBAI 400 078

TEL : 91-22-49186000

FAX : 91-22-49186060

EMAIL: rnt.helpdesk@linktime.co.in

Website : www.linkintime.com

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of RAINBOW DENIM LIMITED will be held on Monday, the 30th day of December, 2019 at 10:00 a. m. at the Registered Office of the Company at Village Chaundheri, P O Dappar, Tehsil Derabassi, District Mohali, Punjab - 140506 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2019 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H. D. Ramsinghani (DIN 00035416) who retires by rotation and being eligible, offers himself for reappointment.

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 Board of Directors as Cost Auditor for audit of cost records for the financial year 2019-20 be paid a remuneration of Rs 35,000/- plus applicable taxes and reimbursement of out of pocket expenses.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to 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) the following Resolution, as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 and other applicable provisions of the Companies Act, 2013 (“the Act”), if any, and the rules made there under (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, Mr. D.N. Singh (DIN 00021741) in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, 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 August 11, 2024.”

“RESOLVED FURTHER THAT pursuant to the provision of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 as amended and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby granted to Mr. D. N. Singh (DIN- 00021741) to continue to hold the office of non-executive Independent Director of the Company notwithstanding the fact that he has attained the age of 75 (Seventy Five) years.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013 (“the Act”), if any, and the rules made there under (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, Mr. B. L. Khanna (DIN 00841927) in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company who shall not be liable to retire by rotation and shall hold office for five consecutive years up to September 29, 2024.”

“RESOLVED FURTHER THAT pursuant to the provision of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 as amended and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby granted to Mr. B. L. Khanna (DIN 00841927) to continue to hold the office of non-executive Independent Director of the Company notwithstanding the fact that he shall attain the age of 75 (Seventy Five) years during the tenure of his appointment.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business specified in the Notice is annexed thereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 23rd day of December, 2019 to Monday the 30th day of December, 2019 (both days inclusive).
4. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public Holidays from 10.00 am to 1.00 pm up to the date of the meeting
5. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at the Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
6. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
7. The Ministry of Corporate Affairs 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.
8. The Company is pleased to provide e-voting facility through Central Depository Services (India) Limited (CDSL) to enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice dated October 24, 2019 for the 20th Annual General Meeting of the Company. The instructions for members voting electronically are given below:

E-Voting instructions

The instructions to members for voting electronically are as under;

(I) The voting period begins on December 27, 2019 at 9:00 am and ends on December 29, 2019 at 5:00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of December 23, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(II) Procedure :

The instructions for shareholders voting electronically are as under:

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

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both de-mat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN Field.
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 de-mat 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.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in de-mat 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 de-mat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a de-mat 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.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details 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.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- (III) The Company has appointed Mr. Ajay K Arora, Practicing Company Secretary (Membership Number FCS 2191) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (IV) The results shall be declared after the Annual General Meeting. The results along with the Scrutinizer’s report shall be placed on the website of the Company and also communicated to the stock Exchange.

**By Order of the Board
FOR RAINBOW DENIM LIMITED**

**BHAVNA DAVE
COMPANY SECRETARY
M. No.: 56569**

Place : Mumbai
Dated : October 24, 2019

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

ITEM NO 3

The Board on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. Pawan & Associates (Registration No. 101729) as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

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, 2020.

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. D.N. Singh (DIN – 00021741) was appointed as an Independent Director of the Company at the 15th Annual General Meeting of the Company held on 19th day of September 2014 for the period of five years for a term up to the conclusion of the 20th Annual General Meeting of the Company in the calendar year 2019.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, have approved the appointment of Mr. D.N. Singh as an Independent Director not liable to retire by rotation for a further term of five years up to August 11, 2024.

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. D.N. Singh for the office of Director.

Mr. D.N. Singh 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.

In the opinion of the Board, Mr. D.N. Singh 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. D.N. Singh 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. D.N. Singh as an Independent Director setting out the terms and conditions is open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all days except Saturdays, Sundays and holidays, until the date of the Annual General meeting or any adjournment thereof. Mr. D.N. Singh holds 1364 Equity Shares of the Company.

A special Resolution is proposed for his reappointment since he is 76 years of age, in view of the SEBI (LODR) Regulations, 2015 as amended, which requires the consent of members by way of Special Resolution for appointment or continuation of a Non-Executive Director beyond the age of seventy five years.

Except Mr. D.N. Singh 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.

The Board recommends this Special Resolution as set out at Item no. 4 for approval of the members.

ITEM NO 5

Mr. B. L. Khanna (DIN 00841927) was appointed as an Additional Director, on the recommendation of the Nomination and Remuneration committee, by the Board of Directors on March 28, 2019 and holds office as a Director up to the date of the forthcoming Annual General Meeting.

It is proposed to appoint Mr. B. L. Khanna as an Independent Director not liable to retire by rotation for a term of five years. The Company has received a notice in writing from a member proposing the candidature of Mr. B. L. Khanna for the office of Director.

Mr. B. L. Khanna 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.

A special Resolution is proposed for his appointment since he shall attain the age of 75 years during the tenure of his appointment, in view of the SEBI (LODR) Regulations, 2015 as amended, which requires the consent of members by way of Special Resolution for appointment or continuation of a Non-Executive Director beyond the age of seventy five years.

In the opinion of the Board, Mr. B. L. Khanna 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. B. L. Khanna 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. B. L. Khanna as an Independent Director setting out terms and conditions is open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all days except Saturdays, Sundays and holidays, until the date of the Annual General meeting or any adjournment thereof.

Mr. B. L. Khanna does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. B. L. Khanna 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.

The Board recommends this Special Resolution as set out at Item no. 5 for approval of the members.

**By Order of the Board
FOR RAINBOW DENIM LIMITED**

**BHAVNA DAVE
COMPANY SECRETARY
M. No.: 56569**

Place : Mumbai
Dated : October 24, 2019

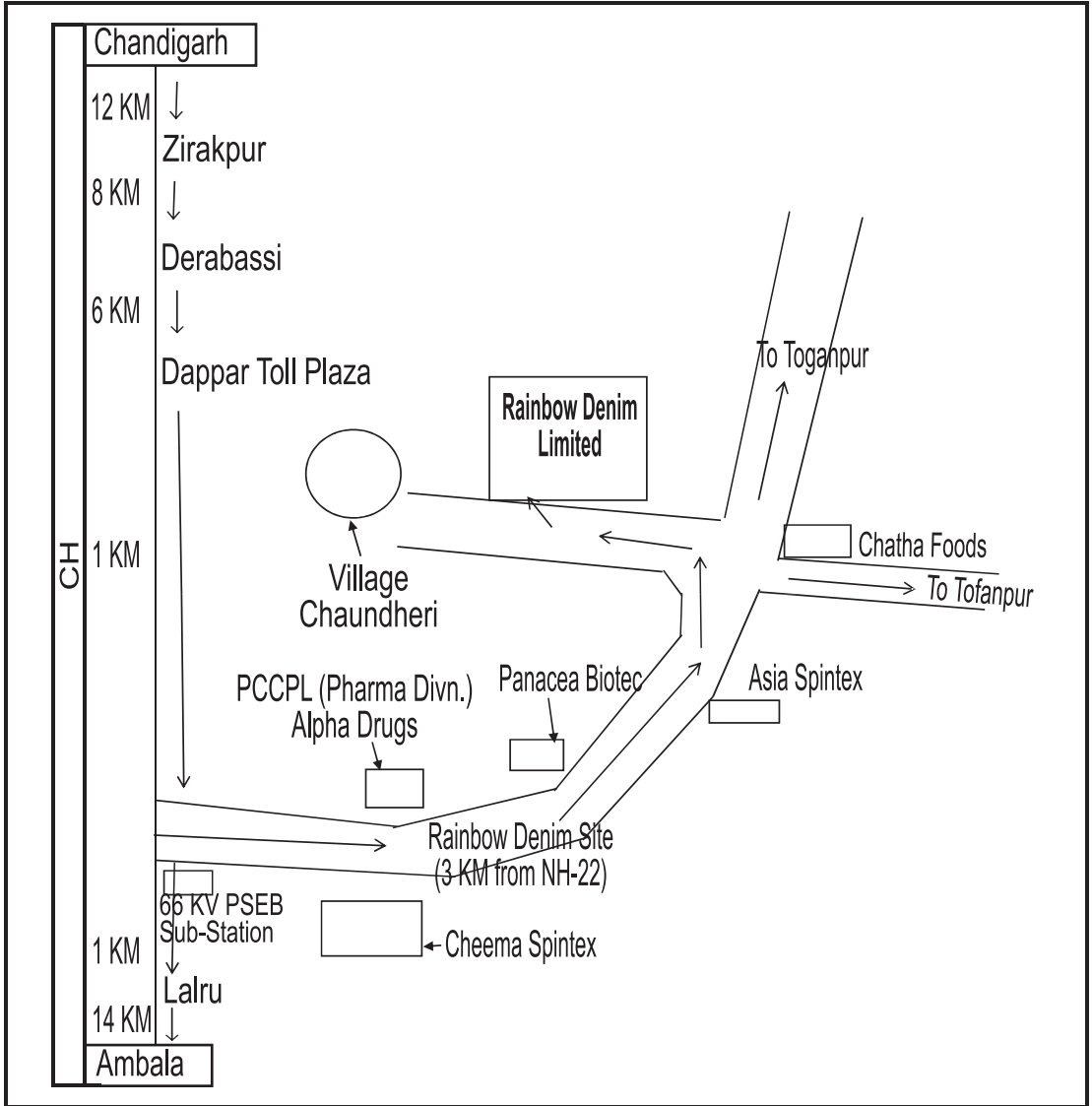
INFORMATION PURSUANT TO SEBI (LODR) REGULATIONS, 2015

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

Sr. No.	Names of the Directors	Mr. H.D. Ramsinghani	Mr. D.N Singh	Mr. B.L. Khanna
1.	DIN	00035416	00021741	00841927
2.	Date of Birth	08/01/1962	01/07/1943	02/12/1946
3.	Qualifications	B.com (Bombay University) MBA (U.S.A.)	B.Sc.(Chemical Engineering)	Chartered Accountant
4.	No. of Equity shares held (as on 31.03.2019)	8	1364	NIL
5.	Brief Profile	Mr. H. D Ramsinghani has done his Post Graduation in Management from USA and has over 35 years of rich and varied experience in the field of Textiles, Petrochemicals and Fertilizers.	Mr. D. N. Singh is a Chemical Engineer from Banaras Hindu University and has over 48 years of experience in the field of Chemicals and Petrochemicals. He has held senior positions in several companies viz. Synthetics and Chemicals Ltd., Cyanides and Chemicals Co., Alkyl Amines Chemicals Ltd. etc.	Mr. B L Khanna is a Chartered Accountant and has over 45 years of rich and varied experience in the field of Finance and Business Management.
6	Date of first Appointment in current designation	01/06/2017	19/09/2014	28/03/2019
7.	List of other Directorships (excluding Foreign Company)	<ul style="list-style-type: none"> - Rama Petrochemicals Limited - Rainbow Agri Industries Ltd. - Rama Industries Ltd. - Rama Phosphates Ltd - Nova Gelicon Pvt. Ltd. - Rama Capital & Fiscal Services Pvt. Ltd. - Jupiter Corporate Services Pvt. Ltd. - Blue Lagoon Inv. Pvt. Ltd 	<ul style="list-style-type: none"> - Rama Petrochemicals Ltd. - Rama Phosphates Ltd. - Rama Industries Ltd. - Accord Agrotech Pvt. Ltd 	<ul style="list-style-type: none"> - Uttam Value Steels Limited - ARR Maritime International Terminals (India) Pvt. Ltd. - Rama Petrochemicals Limited - Bansal Properties Pvt. Ltd. - Rama Industries Limited

Sr. No.	Names of the Directors	Mr. H.D. Ramsinghani	Mr. D.N Singh	Mr. B.L. Khanna
8.	Membership/ Chairmanship of other Public Companies (includes only Audit Committee and Stakeholder Relationship Committee)	<p style="text-align: center;"><u>Member</u></p> <ul style="list-style-type: none"> - Rama Phosphates Ltd – Audit and Stakeholder Relationship Committee - Rama Petrochemicals Ltd. – Audit Committee - Rama Industries Ltd. – Audit Committee - Rainbow Agri Industries Ltd. – Audit Committee - Rainbow Denim Ltd. – Audit and Stakeholder Relationship Committee <p style="text-align: center;"><u>Chairman</u> NIL</p>	<p style="text-align: center;"><u>Member</u></p> <ul style="list-style-type: none"> - Rama Phosphates Ltd – Audit and Stakeholder Relationship Committee - Rainbow Denim Ltd. – Audit and Stakeholder Relationship Committee <p style="text-align: center;"><u>Chairman</u></p> <ul style="list-style-type: none"> - Rama Phosphates Ltd. – Stakeholder Relationship Committee - Rainbow Denim Ltd. – Audit & Stakeholder relationship Committee 	<p style="text-align: center;"><u>Member</u></p> <ul style="list-style-type: none"> - Rama Industries Ltd - Audit Committee - Uttam Value Steels Limited - Audit and Stakeholder Relationship Committee <p style="text-align: center;"><u>Chairman</u></p> <ul style="list-style-type: none"> - Uttam Value Steels - Audit Committee
9.	Relationships, if any between Directors and other Key Managerial Personnel.	Related to Mrs. Shefali B Karani.	He is not related with any Director and Key Managerial Personnel of the Company.	He is not related with any Director and Key Managerial Personnel of the Company.

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



DIRECTORS REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2019.

FINANCIAL RESULTS**(₹ in Lakhs)**

PARTICULARS	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
Profit/(Loss) before Depreciation	(931.92)	(284.05)
Depreciation	200.64	226.83
Tax expenses	Nil	Nil
Profit/(Loss) for the Year	(1132.56)	(510.88)
Other comprehensive Income/(Expense)	(7.34)	(5.21)
Total Comprehensive Profit/(Loss) for the Year.	(1139.90)	(516.09)

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 54.69 million meters as compared to 107.05 million meters during the previous year. The Company has achieved a sales turnover of ₹ 6964 lakh during the year under review as compared to a turnover of ₹ 14752 lakh during the previous year.

DIVIDEND

In view of the loss, your Directors regret their inability to recommend any Dividend for the year under review. 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 Denim industry is a cyclical industry as a result of which there are periods of large over capacity. The present down turn is expected to be prolonged for a few more years after which the industry is expected to stabilize. The Denim Industry has a long term potential due to the versatile fashion appeal, growing income levels and untapped semi urban population.

During the year under review, the manufacturing activities at the Lalru Plant situated in the state of Punjab have been suspended with effect from March 25, 2019 due to labour unrest at the Plant.

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, 2019 and the loss of the Company for the year ended March 31, 2019;
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 which presently consists of Mr. D.N. Singh (Chairman), Mr. H.D. Ramsinghani and Mr. S.S. Arora.

The Risk Management Committee which presently consists of Mr. D.N. Singh (Chairman), Mr. H.D. Ramsinghani, 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 comprising 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 ₹ 26.88 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.

There were no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

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

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

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, 6 (six) Board Meetings were held on May 29, 2018, July 20, 2018, November 5, 2018, December 28, 2018, February 8, 2019 and March 28, 2019.

Mr. H. D. Ramsinghani retires from the Board of Directors by rotation and is eligible for re-appointment.

Mr. N.R. Joshi has ceased to be a Director of the Company upon his resignation w.e.f. August 02, 2018. Mrs. Shefali B Karani was appointed as an Additional Director on the Board of Directors of the Company w.e.f. December 28, 2018 and has ceased to be a Director of the Company upon her resignation w.e.f. May 15, 2019. The Board places on record its appreciation for the valuable contribution made by Mr. N.R. Joshi and Mrs. Shefali. B. Karani during their association with the Company.

The Board of Directors of the Company on recommendation of Nomination & Remuneration Committee have appointed Mr. B.L. Khanna (DIN 00841927) as an Additional Director. In accordance with the provisions of section 161 of the Companies Act, 2013, Mr. B.L. Khanna will hold office of the Director up to the date of the forthcoming Annual General Meeting. The Company has received a Notice from a member pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying the intention to propose the name of Mr. B.L. Khanna as a Director of the Company. In accordance with the provisions of sections 149 and 152 of the Companies Act, 2013 and the rules made there under, it is proposed to appoint Mr. B.L. Khanna as non-executive Independent Director from the date of the forthcoming Annual General Meeting.

Mr. D.N. Singh (DIN – 00021741) was appointed as an Independent Director of the Company at the Annual General Meeting held on September 19, 2014 for a period of five years up to the conclusion of the 20th Annual General Meeting in the calendar year 2019. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, have approved the appointment of Mr. D.N. Singh as an Independent Director not liable to retire by rotation for a further term of five years up to August 11, 2024. 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. D.N. Singh for the office of Director.

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.

The performance evaluation of the Board of Directors as a Whole was carried out by the Directors of the Company in their meeting held on February 08, 2019. The criterion for evaluation 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 expects 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. 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 delays were due to time taken in the process of identifying, selecting and appointing the Directors and KMP and the delays in issue of certificates after transfer and deletion of names were due to increased work load in the office of the R&T Agents.

COST AUDIT

The Company has appointed M/s. Pawan & Associates qualified Cost Auditors for conducting the Audit of cost records for the financial year 2019 - 2020. 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 2019 - 2020.

The Cost Audit Reports for the financial year ended 31st March, 2018 and 31st March, 2019 were filed on August 23, 2018 and September 3, 2019 respectively, 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.

For and on behalf of the Board

Place : Mumbai
Date: October 24, 2019

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

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, 2019

A) CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

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

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

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

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

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

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

d) Particulars with respect to conservation of energy:

	<u>2018-19</u>	<u>2017-18</u>
A. POWER AND FUEL CONSUMPTION:		
1. ELECTRICITY:		
a. Purchased (PSEB):		
Units (in thousand)	12873	22667
Total cost (₹ in Lakhs)	923.37	1525.31
Rate per Unit (₹)	7.17	6.73
b. Own Generation:		
Through Diesel Generation:		
Units (in thousand)	7	10
Units per Liter of Diesel	3.20	3.20
Cost per Unit (₹)	21.25	18.30
Through Steam Turbine/Generator:		
Units (in thousand)	Nil	Nil
Units per Liter of Fuel, Oil, Gas	NA	NA
Cost per unit	NA	NA

	<u>2018-19</u>	<u>2017-18</u>
2. FURNACE OIL:		
Quantity (in Kiloliters)	Nil	Nil
Total Amount (₹ in Lakhs)	Nil	Nil
Average Rate	NA	N.A.
3. OTHER INTERNAL GENERATION	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Production of Denim Fabric (in Lakhs Meters)	54.69	107.05
Electricity (kwh per Meter)	2.36	2.12
Furnace Oil	Nil	Nil
Coal	Nil	Nil

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

I. RESEARCH AND DEVELOPMENT (R & D):

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

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

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

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

3. Future Plan of Action:

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

4. Expenditure on R & D:

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

II. TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION:

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

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

2. Benefits derived as a result of above efforts:

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

3. Information of Imported Technology:

Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lakhs)

Foreign Exchange used	268.18
Foreign Exchange earned	2149.47

For and on behalf of the Board

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

Place : Mumbai
Date: October 24, 2019

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 15.86
(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.	7.80
(iv) The number of permanent employees on the rolls of company;	580
(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.

For and on behalf of the Board

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

Place : Mumbai
Date: October 24, 2019

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 31.03.2019 will be provided on request.

For and on behalf of the Board

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

Place : Mumbai
Date: October 24, 2019

ANNEXURE 'D' TO DIRECTORS REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2019

**[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, 2019 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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not applicable as the company has not issued any securities during the financial year under review.
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Not applicable as the company has not issued any debt securities during the financial year under review.

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- and the amendments thereof-Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 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 being listed on BSE Limited;
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

1. The Board of Directors of the Company was duly constituted at the closure of the audit period with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. *However, there were instances of delays in filling the casual vacancies in the office of Woman Director and Independent Directors resulting into default in composition of Board for the first 3 quarters during the audit period. Further, there were delays in filling the vacancies in the office of KMPs during the year.*
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 member's 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:

1. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
2. Based on the examination of the relevant documents and records on test check basis and the representation made by the management, the company has Complied with the following laws specifically applicable to the company:
 - a) The Indian Electricity Act, 2003 and Indian Electricity Rules, 2005.
 - b) The Boilers Act, 1923
 - c) The Explosives Act, 1884 and Explosives Rules, 2008

I further report that during the audit period there were instances of delay in issuance of share certificates after transfer and deletion of name of the shareholder.

I further report that, there were no instances of

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

For A. ARORA & COMPANY

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993

Place: Chandigarh
Date: 24.10.2019

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
(Proprietor)
FCS No. 2191
C P No.: 993

Place: Chandigarh
Date: 24.10.2019

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

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

2. OPPORTUNITIES AND THREATS

India is competitive due to low power and labour cost ideally placed to meet world denim requirements. The overall economic situation and mismatch in selling and raw material prices is leading to industry crisis. Raw Material which is dependent on excess or shortage of monsoon which plays key role in raw material prices.

3. SEGMENTWISE PERFORMANCE

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

4. OUTLOOK

Textile industry in India has gone through a difficult phase in the past few years. It has been a challenging time for denim industry but denim has always been a strong commodity. The growing trend of denim wear necessitates Denim manufacturers to develop new products based on specific consumer needs. The future for the Indian textile industry looks promising, sustained by both strong domestic consumption as well as export demand.

5. RISKS AND CONCERNS

Weak Demand and excess supply coupled with excess capacity are the crippling factors in manufacture of Denim Fabric and due to the dependency on single Product, the Company is exposed to specific risks that are peculiar to its business and environment within which it operates, including Foreign Exchange Risk, Interest Rate Risk, Commodity Price Risk, Risk of Product Concentration and other Business Risk. While risk is an inherent aspect of any business, the Company is conscious of the need to have an effective monitoring mechanism and has put in place appropriate measure for its mitigation including business portfolio risk, financial risk, legal risk and internal process risk.

6. 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.

7. FINANCIAL PERFORMANCE

During the year under review, the Company has achieved a sales turnover of ₹ 6964 Lakhs as compared to a turnover of ₹ 14752 Lakhs during the previous year.

During the year under review, Company has incurred Loss after tax of ₹ 1132.56 Lakhs as compared to loss of ₹ 510.88 Lakhs during the previous year.

8. SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Debtors turnover ratio	3.67	4.43
Inventory turnover ratio (On Cost of Goods sold) **	5.03	7.70
Interest coverage ratio (Earnings before interest and tax / finance cost) **	0.22	0.79
Current ratio **	0.22	0.48
Debt Equity ratio	(0.75) : 1	(0.88) : 1
Operating margin ratio (operating profit = profit before tax + depreciation + finance cost + loss on disposal of property, plant - other income/ revenue from operation) **	3.69%	7.30%
Net Profit Margin (Profit for the year / revenue from operation) **	(11.83%)	(2.97%)
Return on Net worth (RONW) @	8.22%	4.05%

** These Ratios deteriorated due to decline in Turnover from ₹ 173.84 Lakhs to ₹ 96.32 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.

9. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, the manufacturing activities at the Company's Plant have been suspended due to labour unrest since March 25, 2019 and same was intimated to Bombay Stock Exchange.

10. 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.

For and on behalf of the Board

H. D. RAMSINGHANI
CHAIRMAN
DIN:00035416

Place : Mumbai
Date : October 24, 2019

ANNEXURE 'E' TO DIRECTORS REPORT

FORM MGT – 9

EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2019

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

Sr. No.	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-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
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	0.00
Sub-total (A)(1):-	7124181	Nil	7124181	53.63	7124181	Nil	7124181	53.63	Nil

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% 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	Nil
b) Banks / FI	622360	1800	624160	4.70	622320	1800	624120	4.70	Nil
c) Central Govt	Nil	Nil	Nil	N A	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	233806	13360	247166	1.86	193134	13280	206414	1.56	(0.30)
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	1103783	623270	1727053	13.00	1160192	605550	1765742	13.29	0.29
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	997638	Nil	997638	7.51	998638	Nil	998638	7.52	0.01
NBFCs registered with RBI	Nil	Nil	Nil	N A	400	0	400	0.00	0.00

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Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others - (specify)									
Non Resident Indians	24501	9760	34261	0.26	26248	9760	36008	0.27	0.01
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	3387	Nil	3387	0.03	2303	Nil	2303	0.02	(0.01)
Trusts	160	Nil	160	0	160	Nil	160	0	Nil
Foreign Bodies - D R	Nil	Nil	Nil	N A	Nil	Nil	Nil	N A	N A
Sub-total (B)(2)	2363275	646390	3009665	22.66	2381075	628590	3009665	22.66	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2985915	648190	3634105	27.36	3003715	630390	3634105	27.36	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)	12635553	648190	13283743	100	12653353	630390	13283743	100	Nil

ii) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	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)**

Sr. No.		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 Share holding 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 (01/04/2018 to 31/03/2019)	
		No. of shares at the beginning (01/04/2018)/ end of the year 31/03/2019	% 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	Subramanian P.	1,54,690	1.16	-	-	No Change	1,54,690	1.16
		1,54,690	1.16					
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	0.36	-	-	No Change	47,199	0.36
		47,199	0.36					
10	Rajendra Sagarmal Jain	35,792	0.27	-	-	No Change	35,792	0.27
		35,792	0.27					

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding					Cumulative Shareholding during the year	
		No. of shares at the beginning (01-04-2018)/ end of the year (31-03-2019)	% 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 Whole Time Director	65349	0.49	N.A.	N A	N A	65349	0.49
		65349	0.49					

V. INDEBTEDNESS

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2018				
i) Principal Amount	1,49,82,21,774	16,00,00,000	-	1,65,82,21,774
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	20,61,247	-	20,61,247
Total (i+ii+iii)	1,49,82,21,774	16,20,61,247	-	1,66,02,83,021
Change in Indebtedness during the financial year				
* Addition	-	3,44,00,000	-	3,44,00,000
* Reduction	(3,75,09,049)	(19,64,61,247)	-	(23,39,70,296)
Net Change	(3,75,09,049)	(16,20,61,247)	-	(19,95,70,296)
Indebtedness at the end of the financial year (31.03.2019)				
i) Principal Amount	1,46,07,12,725	-	-	1,46,07,12,725
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,46,07,12,725	-	-	1,46,07,12,725

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

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

Sr. No.	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	24,00,000		24,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil		Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil		Nil
2	Stock Option	Nil		Nil
3	Sweat Equity	Nil		Nil
4	Commission - as % of profit - others, specify...	Nil		Nil
5	Others, please specify (PF)	2,88,000		2,88,000
	Total (A)	26,88,000		26,88,000
	Ceiling as per the Act	N A		N A

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (in ₹)
		H.D. Ramsinghani	D.N. Singh	R.G. Kulkarni	Shefali Karani	N.R. Joshi (Up to August 02, 2018)	B.L. Khanna (W.e.f. March 28, 2019)	
1	Independent Directors							
	Fee for attending board/ committee meetings	Nil	32,000	30,000	Nil	8,000	2,000	72,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	32,000	30,000	Nil	8,000	2,000	72,000
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	26,000	Nil	Nil	Nil	Nil	Nil	26,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	26,000	Nil	Nil	Nil	Nil	Nil	26,000
	Total Managerial Remuneration Total (B)=(1+2)	26,000	32,000	30,000	Nil	8,000	2,000	98,000

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS (w.e.f. 08/02/2019)	CFO (w.e.f. 05/11/2018)	Total (in ₹)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66,344	Nil	66,344
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,241	Nil	3,241
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	69,585	Nil	69,585

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Place : Mumbai

Date : October 24, 2019

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

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

Name of Director	Category Executive, Non-executive/ Independent	Attendance at		Membership of other Board (excluding alternate Directorships and Private Companies)	Membership/ Chairmanship of other Board Committees		Directorship in other listed entity (Category of Directorship)	Shareholding (No. of Shares)
		Board Meeting	Last Annual General Meeting		Chairman	Member		
Mr. H.D. Ramsinghani Chairman	Promoter Non-Executive	Five	No	Four	Nil	Five	Rama Petrochemicals Limited – Promoter Executive Rama Phosphates Limited – Promoter executive	8
Mr. S.S. Arora Whole Time Director	Executive	Six	Yes	One	One	One	Rama Petrochemicals Limited – Non – Executive Independent	65349
Mr. D.N. Singh Director	Non - Executive Independent	Six	No	Three	One	One	Rama Petrochemicals Limited – Non Executive Non Independent Rama Phosphates Limited – Non Executive Independent	1324
Mr. N.R. Joshi (up to 02/08/2018)	Non - Executive Independent	Two	NA	NA	NA	NA	Not Applicable	Nil
Mr. R.G. Kulkarni Director	Non - Executive Independent	Six	Yes	Five	Two	One	Rama Petrochemicals Limited- Non Executive Independent	Nil
Ms. Shefali B. Karani Director (w.e.f. 28/12/2018 upto 15/05/2019)	Non - Executive	Nil	NA	Two	Nil	Nil	Not Applicable	Nil
Mr. B.L. Khanna Director (w.e.f. 28/03/2019)	Non - Executive Independent	One	NA	Three	One	Two	Uttam value Steels Limited – Non Executive Independent Rama Petrochemicals Limited – Non Executive Independent	Nil

- i. Except for Mr. H. D. Ramsinghani and Ms. Shefali B. Karani, none of the other Directors were 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 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 6 (Six) Board Meetings were held on the following dates:

May 29, 2018, July 20, 2018, November 5, 2018, December 28, 2018, February 8, 2019 and March 28, 2019.

During the year one meeting of the Independent Directors was held on February 8, 2019.

The Compliance Reports of all applicable laws and filings made by the Company with the BSE are placed before the Board at each meeting. Detailed notes are circulated to all the Directors well in advance on all matters listed in the Agenda for each Board and committee meeting.

3. 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

4. Committees of the Board

a) Audit Committee

Role of the Audit Committee and its terms of reference inter alia include reviewing the financial statements, overseeing the Company's financial reporting process and reviewing and examining the quarterly and annual financial statements, Management Discussion and Analysis of financial statements, recommending the appointment and remuneration of Statutory, Internal and Cost Auditors, reviewing Audit Reports, related party transactions and inter corporate loans and investments. The Committee presently comprises of Mr. D.N. Singh (Chairman), Mr. H.D. Ramsinghani and Mr. R. G. Kulkarni.

During the year 4 (four) meetings of the Audit Committee were held on May 29, 2018, July 20, 2018, November 5, 2018 and February 8, 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. N. R. Joshi (Up to 02-08-2018)	Two
Mr. D. N. Singh	Four
Mr. H. D. Ramsinghani	Four
Mr. R. G. Kulkarni	Four

b) Share Transfer Committee

The Board has delegated the power of share transfers to a Committee of Directors comprising of Mr. H. D. Ramsinghani (Chairman), Mr. S.S. Arora and Mr. D.N. Singh as also to the Registrars and

Transfer Agents of the Company who attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates and issue of certificates on split / consolidation / renewal etc.

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 four meetings of the Nomination & Remuneration Committee were held on November 5, 2018, December 28, 2018, February 8, 2019 and March 28, 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. In terms of SEBI (LODR) Regulations, 2015, the Company has appointed Ms. Bhavna Dave as the Company Secretary & Compliance Officer and the investors are requested to register their complaints, if any, on the exclusive email ID: bhavnadave@rainbowdenim.com

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

During the year one meeting of the Stakeholders Relationship Committee was held on February 8, 2019.

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	2	2
Non - Receipt of Rejected DRF	0	0
Non – Receipt of Exchange Certificate	0	0
Non - Receipt of Bonus Certificate	1	1
TOTAL	3	3
No. of complaints pending	NIL	

5. Remuneration of Directors

(a) Whole Time Director

The Whole Time Director was paid a remuneration of ₹ 26.88 Lakh during the year under review 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 (₹)
Mr. H.D. Ramsinghani	26,000/-
Mr. S.S. Arora	N.A.
Mr. D.N. Singh	32,000/-
Ms. Shefali B Karani	Nil
Mr. R.G. Kulkarni	30,000/-
Mr. N.R. Joshi (Up to 02/08/2018)	8,000/-
Mr. B.L. Khanna (w.e.f. 28/03/2019)	2,000/-
TOTAL	98,000/-

6. General Body Meetings:

Financial Year	Date	Time	Location
2015 - 2016	23/09/2016	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2016 - 2017	21/09/2017	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2017 - 2018	18/09/2018	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506

7. 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
23/09/2016	Appointment of Mr. N. R. Joshi (DIN 03574604) as an Independent Director. Resolution pursuant to the provisions of Section 180(1)(a)
21/09/2017	Appointment of Mr. S. S. Arora as Whole Time Director w.e.f. 01/06/2017
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.

8. Means of communication

- The Company has not made any presentation to the institutional investors or analysts.
- 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.

9. General Shareholder Information

Financial Year	: 31st March, 2019
Annual General Meeting	: December 30, 2019 at 10:00 a.m. At Village Chaundheri, P.O. Dappar, Tehsil Derabassi, District Mohali, Punjab 140506
Dates of Book Closure	: December 23, 2019 to December 30, 2019 (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, 2019.

10. Market Price Data (High / Low in ₹ during each month)

Month	High	Low
April 2018	5.45	5.00
May 2018	4.75	3.04
June 2018	3.30	2.72
July 2018	2.88	2.52
August 2018	5.22	2.47
September 2018	6.01	5.22
October 2018	6.05	5.47
November 2018	5.74	5.74
December 2018	--	--
January 2019	--	--
February 2019	--	--
March 2019	5.75	5.74

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.

11. 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

12. 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.

13. Distribution of Equity Shareholding as of March 31, 2019

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 - 500	13743	96.87	1005400	7.57
501 - 1000	210	1.48	158513	1.19
1001 - 2000	86	0.61	126317	0.95
2001 - 3000	26	0.18	63709	0.48
3001 - 4000	20	0.14	72525	0.55
4001 - 5000	30	0.21	144544	1.09
5001 - 10000	27	0.19	187190	1.41
10001 & above	46	0.32	11525545	86.76
T o t a l	14188	100.00	13283743	100.00

14. Shareholders' Profile as on March 31, 2019

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	9649638	72.64
Non Promoter Shareholding		
Foreign Collaborators	Nil	N A
Banks	623880	4.70
Financial Institutions	240	0.00
Foreign Institutional Investors	Nil	N A
Mutual Funds	280	0.00
Trusts/HUF/NBFC	134815	1.02
Domestic Companies	208670	1.57
Non-Domestic Companies	Nil	N A
Non-Resident Indians	36008	0.27
General Public	2630212	19.80
Total	13283743	100.00

15. Dematerialization of shares as on March 31, 2019

95.25% of the Company's total share capital representing 12653353 Equity shares are held in dematerialized form.

There were no shares lying in the share suspense account as on March 31, 2019.

16. Plant Location

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

17. 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.

18. Appointment / Reappointment of Directors

Mr. H.D. Ramsinghani is proposed to be reappointed at the forthcoming Annual General Meeting and Mr. B. L. Khanna is proposed to be appointed as an Independent Director of the Company. Mr. D. N. Singh is proposed to be re-appointed as an Independent Director for the second term at the forthcoming Annual General Meeting. The relevant information about the said Directors is given in the Notice convening the Annual General Meeting.

19. Disclosures

- a) The Company is in compliance with all mandatory requirements of the Listing Regulations except there were instances of delays in filling the vacancies in the office of Woman Director and Independent Directors resulting into default in composition of Board for the first 3 quarters during the audit period.
- 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.
- e) Adoption of non-mandatory provisions of the Listing Regulations is reviewed by the Board from time to time.
- f) The total fees paid by the Company to the Statutory Auditors during the year under review was Rs 4,98,650/-
- g) The Company has obtained a Certificate dated October 24, 2019 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.
- h) During the year 2018-2019, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

For and on behalf of the Board

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

Place : Mumbai
Dated : October 24, 2019

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, 2019.

For and on behalf of the Board

H. D. RAMSINGHANI
CHAIRMAN
DIN 00035416

Place : Mumbai
Dated : October 24, 2019

AUDITORS' CERTIFICATE FOR CORPORATE GOVERNANCE

To

The Members of
Rainbow Denim Limited

We have examined the compliance of conditions of Corporate Governance by **Rainbow Denim Limited** for the year ended on 31st March 2019, 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“the Listing Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the condition of the Corporate Governance stipulated in the SEBI Listing Regulations.

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

We have examined the books of accounts other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standard on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of the certificate and as per the Guidance Note on Reports or Certificate for Special Purpose issued by the ICAI which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Controls for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, the KMPs were appointed and the Board of Directors of the Company was duly constituted at the closure of the year with regards to Executive Directors, Non-Executive Directors and Independent Directors. However, during the year, there were delays in filling the casual vacancies in the office of Woman Director, Independent Directors and KMPs. Except these defaults, we certify that the Company has complied with the conditions of Corporate Governance 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 the SEBI Listing Regulations during the year ended 31st March, 2019.

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

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

Place: Mumbai
Date: 24th October, 2019

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

CEO/CFO CERTIFICATION

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, 2019 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.

For and on behalf of the Board

Place : Mumbai
Dated : October 24, 2019

S.S. ARORA
Whole Time Director & CFO
DIN 00033825

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 2019, 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 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, 2019;
- (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 36 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, 2019, the Company's Current Liabilities are more than double of its total Assets; and Company has incurred net Operating Loss of ₹ 18,43,65,966/- during the year ended March 31, 2019. Further discontinuance of production during the year 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 Companies Act, 2013. 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 Companies Act, 2013 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.

Sr. No.	Key Audit Matters	Auditor's Response
1.	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers".	The assessment of procedures of revenue recognition adopted by management involved: i) Identifying the impact on adoption of the new standard; ii) Evaluation of industry wide procedures adopted for the revenue recognition under this standard.
2.	Measurement of Arm's Length price for Related party transaction.	Price comparisons for the given materials with the available quoted rates are reviewed.
3.	Impairment of assets	Refer para on Basis for Qualified Opinion of the report above.
4.	Provision for Doubtful Advances and Recoverables	Review of future recoverability in the light of applicable statute.

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

The Company's Board of Directors 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 Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, 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 Board of Directors are 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.
- 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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

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

Place: Mumbai
Date: 15th May, 2019.

“ANNEXURE A” TO THE INDEPENDENT AUDITORS REPORT

The annexure referred to our Report of even date to the members of Rainbow Denim Ltd on the financial statements for the year ended 31st March 2019. 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. According to the information and explanations given to us, the inventories have been physically verified at reasonable intervals by the management during the year and no material discrepancies have been noticed.
3. According to the information and explanations given to us and on the basis of our examination of books of account, the company has 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 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 Companies Act, 2013 and the rules framed there under.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of the Company's Products to which the said rules are made applicable, and are of the opinion that prima facie, the prescribed accounts have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate.
7.
 - a) According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value added tax, Cess and any other statutory dues with appropriate authorities outstanding as on 31st March, 2019, for a period of more than six months from the date they became payable.
 - b) According to the records of the Company and information and explanations given to us there are no dues of sales tax, income tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess on account of any disputes.
8. On the basis of our examination of the books and according to the information and explanation given to us, the company has restructured all previous defaulted loans including interest and Letter of Credit devolvement with securitization companies in earlier years. The company has defaulted in the repayment of dues including interest amounting ₹ 9,77,86,932/- during the year.
9. In our opinion and on the basis of information and explanations given to us, the Company has not raised money by way of further public offer during the year and term loans availed by the Company were, prima facie, applied by the Company for the purpose for which the loans were obtained.
10. According to the information and explanations given to us, and to the best of our knowledge and belief no fraud on or by the Company has been noticed or reported during the year.

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

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

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

Place: Mumbai
Date: 15th May, 2019.

“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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit

of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of Internal Control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

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

S. L. Khandelwal
(Partner)

M. No. : 101388

Place: Mumbai
Date: 15th May, 2019.

BALANCE SHEET AS AT MARCH 31, 2019

(Amount in ₹)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS :			
Non-current Assets :			
Property, Plant and Equipment	2	25,93,55,419	29,40,05,820
Intangible Assets	2	3,24,833	6,94,006
Financial Assets			
Investments	3	2,81,250	2,82,250
Other Non-current Financial Assets	4	2,55,49,995	3,24,20,505
Other Non-current Assets	5	9,89,516	14,16,409
		<u>28,65,01,013</u>	<u>32,88,18,990</u>
Current Assets :			
Inventories	6	10,11,81,521	15,12,70,753
Financial Assets			
Trade Receivables	7	11,89,86,439	40,58,45,005
Cash and Cash Equivalents	8	26,22,147	63,75,955
Other Current Financial Assets	9	1,40,92,663	3,00,98,719
Other Current Assets	10	52,24,723	1,46,93,267
		<u>24,21,07,493</u>	<u>60,82,83,699</u>
		<u>52,86,08,506</u>	<u>93,71,02,689</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES :			
Equity :			
Equity Share Capital	11	13,28,37,430	13,28,37,430
Other Equity	12	(1,51,98,64,219)	(1,40,58,68,992)
		<u>(1,38,70,26,789)</u>	<u>(1,27,30,31,562)</u>
Liabilities :			
Non-current Liabilities :			
Financial Liabilities			
Non-current Borrowings	13	80,50,04,945	95,33,11,426
Other Non-current Financial Liabilities	14	50,000	50,000
		<u>80,50,54,945</u>	<u>95,33,61,426</u>
Current Liabilities :			
Financial Liabilities			
Current Borrowings	15	1,53,83,162	6,91,40,364
Trade Payables	16	43,90,23,815	52,64,86,522
Other Current Financial Liabilities	17	24,21,00,706	13,79,43,355
Provisions	18	52,00,202	61,54,666
Other Current Liabilities	19	40,88,72,465	51,70,47,918
		<u>1,11,05,80,350</u>	<u>1,25,67,72,825</u>
		<u>52,86,08,506</u>	<u>93,71,02,689</u>
TOTAL LIABILITIES			
Significant Accounting Policies			
1			

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

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

For and on behalf of the Board of Directors,

Sunil Khandelwal
Partner
Membership Number : 101388

Bhavna Dave
Company Secretary

S. S. Arora
Whole Time Director & CFO
DIN - 00033825

D. N. Singh
Director
DIN - 00021741

H. D. Ramsinghani
Chairman
DIN - 00035416

Place : Mumbai
Date : May 15, 2019

Place : Mumbai
Date : May 15, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
REVENUE :			
Revenue from Operations :			
Sale of Finished Goods	20	69,63,88,515	1,47,51,68,840
Other Operating Revenues	21	<u>1,39,94,879</u>	<u>1,52,35,064</u>
Total Revenue from Operations		71,03,83,394	1,49,04,03,904
Other Income	22	<u>25,28,03,378</u>	<u>24,79,73,323</u>
TOTAL REVENUE		<u>96,31,86,772</u>	<u>1,73,83,77,227</u>
EXPENSES :			
Cost of Materials Consumed	23	43,12,37,479	94,11,48,950
Changes in Inventories of Finished Goods and Work-in-progress - Decrease / (Increase)	24	3,69,70,690	(1,22,83,850)
Employee Benefits Expense	25	14,65,58,342	16,83,22,041
Finance Costs	26	12,01,31,114	13,77,72,916
Depreciation	2 & 12	2,00,63,663	2,26,83,474
Other Expenses	27	<u>32,14,81,290</u>	<u>53,18,21,673</u>
TOTAL EXPENSES		<u>1,07,64,42,578</u>	<u>1,78,94,65,204</u>
Profit / (Loss) Before Tax		<u>(11,32,55,806)</u>	<u>(5,10,87,977)</u>
Tax Expense		-	-
Profit / (Loss) for the year		(11,32,55,806)	(5,10,87,977)
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		<u>(7,34,247)</u>	<u>(5,20,724)</u>
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		<u>(11,39,90,053)</u>	<u>(5,16,08,701)</u>
Earning per Equity Share of Face Value of ₹ 10.00 each	28		
- Basic		(8.53)	(3.85)
- Diluted		(8.53)	(3.85)

Significant Accounting Policies

1

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

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

For and on behalf of the Board of Directors,

Sunil Khandelwal
Partner
Membership Number : 101388

Bhavna Dave
Company Secretary

S. S. Arora
Whole Time Director & CFO
DIN - 00033825

D. N. Singh
Director
DIN - 00021741

H. D. Ramsinghani
Chairman
DIN - 00035416

Place : Mumbai
Date : May 15, 2019

Place : Mumbai
Date : May 15, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Amount in ₹)

	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax	(11,39,90,053)	(5,16,08,701)
Adjustments for :		
Depreciation	2,00,63,663	2,26,83,474
Loss / (Profit) on Sale/Disposal of Assets	(13,55,16,399)	(13,52,89,664)
Interest Accrued	76,49,595	3,20,35,812
Interest Adjustment on Amortised Cost of Debts	41,96,353	(12,00,316)
Interest Income	(29,42,961)	(30,49,164)
Bad/doubtful Debts, Advances and Recoverables Written Off/Provided	4,20,30,237	2,25,000
Provisions Written Back	(4,33,400)	-
Loss/(Gain) on Foreign Exchange Fluctuations	(54,23,001)	(18,42,366)
	<u>(7,03,75,913)</u>	<u>(8,64,37,224)</u>
Operating Loss Before Working Capital Changes	(18,43,65,966)	(13,80,45,925)
Adjustments for :		
(Increase) / Decrease in Inventories	5,00,89,232	(1,17,96,788)
(Increase) / Decrease in Trade and Other Receivables	27,57,25,930	(5,40,05,103)
Increase / (Decrease) in Trade and Other Payables	(9,91,25,013)	4,09,63,161
	<u>22,66,90,149</u>	<u>(2,48,38,730)</u>
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	<u>4,23,24,183</u>	<u>(16,28,84,655)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (Including Capital Advances)	(1,10,914)	(2,30,30,908)
Sale of Fixed Assets	15,05,78,050	16,95,14,785
Interest Income	29,42,961	30,49,164
Sale of Investments	4,34,400	-
(Increase) / Decrease in Non Current Assets	72,97,403	(16,03,309)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	<u>16,11,41,900</u>	<u>14,79,29,732</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase / (Decrease) in Non-current Financial Borrowings (Net)	(14,37,51,847)	(1,25,06,206)
Increase / (Decrease) in Current Financial Borrowings (Net)	(5,37,57,202)	5,18,11,822
Interest Paid	(97,10,842)	(2,99,74,565)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	<u>(20,72,19,891)</u>	<u>93,31,051</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	<u>(37,53,808)</u>	<u>(56,23,872)</u>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	63,75,955	1,19,99,827
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>26,22,147</u>	<u>63,75,955</u>

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

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

For and on behalf of the Board of Directors,

**Sunil Khandelwal
Partner
Membership Number : 101388**

**Bhavna Dave
Company Secretary**

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

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

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

**Place : Mumbai
Date : May 15, 2019**

**Place : Mumbai
Date : May 15, 2019**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. EQUITY SHARE CAPITAL :

Balance as at April 01, 2018	13,28,37,430
Change in the Equity Share Capital during the year	-
Balance as at March 31, 2019	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, 2018	9,11,71,088	4,93,64,092	6,36,003	(1,54,70,40,175)	(1,40,58,68,992)
Profit/(Loss) for the year	(5,174)	-	-	(11,32,55,806)	(11,32,60,980)
Other Comprehensive Income for the year	-	-	-	(7,34,247)	(7,34,247)
Total Comprehensive Income for the year	(5,174)	-	-	(11,39,90,053)	(11,39,95,227)
Dividends	-	-	-	-	-
Transferred to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as at March 31, 2019	9,11,65,914	4,93,64,092	6,36,003	(1,66,10,30,228)	(1,51,98,64,219)

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

For and on behalf of the Board of Directors,

Sunil Khandelwal
Partner
Membership Number : 101388

Bhavna Dave
Company Secretary

S. S. Arora
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DIN - 00033825

D. N. Singh
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H. D. Ramsinghani
Chairman
DIN - 00035416

Place : Mumbai
Date : May 15, 2019

Place : Mumbai
Date : May 15, 2019

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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, Tehsil Derabassi, 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, 2019
2. PROPERTY, PLANT AND EQUIPMENT :

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2018	Additions during the year	(Deductions)/ Adjustments during the year	As at March 31, 2019	As at April 01, 2018	For the year	(Deductions)/ Adjustments during the year	As at March 31, 2019	As at March 31, 2018	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	
A. Property, Plant and Equipment :										
Freehold Land [including site development]	3,28,35,622	-	(1,50,36,205)	1,77,99,417	-	-	-	1,77,99,417	3,28,35,622	
Buildings	34,00,20,599	-	-	34,00,20,599	18,16,59,063	1,03,01,662	-	14,80,59,874	15,83,61,536	
Plant and Machinery	1,59,64,78,198	-	-	1,59,64,78,198	1,49,83,28,049	86,24,649	-	89,52,55,000	9,81,50,149	
Furniture and Fixtures	53,21,755	18,600	-	53,40,355	45,73,938	1,07,912	-	6,58,505	7,47,817	
Vehicles	80,93,856	-	(4,76,055)	76,17,801	53,26,248	4,38,167	(4,52,252)	23,05,638	27,67,608	
Computers and Peripherals	86,61,307	52,260	-	87,13,567	79,71,853	1,36,241	-	6,05,473	6,89,454	
Office and Other Equipments	31,26,351	40,054	(32,865)	31,33,540	26,72,717	91,033	(31,222)	4,01,012	4,53,634	
TOTAL (A)	1,99,45,37,688	1,10,914	(1,55,45,125)	1,97,91,03,477	1,70,05,31,868	1,96,99,664	(4,83,474)	25,93,55,419	29,40,05,820	
B. Intangible Assets :										
Computer Software	55,00,235	-	-	55,00,235	48,06,229	3,69,173	-	3,24,833	6,94,006	
TOTAL (B)	55,00,235	-	-	55,00,235	48,06,229	3,69,173	-	3,24,833	6,94,006	
TOTAL (A + B)	2,00,00,37,923	1,10,914	(1,55,45,125)	1,98,46,03,712	1,70,53,38,097	2,00,68,837	(4,83,474)	25,96,80,252	29,46,99,826	
2.1 Gross Block of Vehicles include cost of vehicle acquired on Hire Purchase basis.									29,50,874	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3. NON-CURRENT INVESTMENTS (At Cost) :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
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	<u>2,81,250</u>	<u>2,81,250</u>
Investments in Equity Shares (other than trade) :		
Unquoted (Related Party) :		
Nil Equity Shares (Previous Year 43,440) of ₹ 10.00 each in Rama Industries Limited fully paid up.	-	4,34,400
Less : Provision for diminution in value of Investments	-	4,33,400
Sub-total	-	<u>1,000</u>
TOTAL NON-CURRENT INVESTMENTS	<u>2,81,250</u>	<u>2,82,250</u>
Aggregate value of unquoted Investments :		
At Cost price	2,81,250	7,15,650

4. OTHER NON-CURRENT FINANCIAL ASSETS :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Balances with Banks :		
in Deposit Accounts against Margin Money with more than 12 months maturity. [Refer Note 8]	-	24,10,496
Interest Receivable	-	3,01,553
Security Deposits	2,16,80,075	2,54,65,195
Taxes Paid and Refund Receivable	38,69,920	42,43,261
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	<u>2,55,49,995</u>	<u>3,24,20,505</u>

5. OTHER NON-CURRENT ASSETS :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Prepaid Expenses	9,89,516	14,16,409
TOTAL OTHER NON-CURRENT ASSETS	<u>9,89,516</u>	<u>14,16,409</u>

6. INVENTORIES :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Raw Materials	1,16,61,112	2,13,03,343
Work-in-progress	3,62,24,350	5,64,90,092
Finished Goods	3,57,04,975	5,28,08,595
Colours, Dyes and Chemicals	40,52,229	55,76,356
Stores, Packing Materials and Consumables	1,30,74,378	1,50,26,562
Waste and Scrap	4,64,477	65,805
TOTAL INVENTORIES	<u>10,11,81,521</u>	<u>15,12,70,753</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

7. TRADE RECEIVABLES :

[Unsecured]

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Considered good	11,89,86,439	40,58,45,005
Considered doubtful	<u>1,23,08,003</u>	<u>39,95,724</u>
	13,12,94,442	40,98,40,729
Less : Provision for Doubtful Debts	<u>(1,23,08,003)</u>	<u>(39,95,724)</u>
TOTAL TRADE RECEIVABLES	<u><u>11,89,86,439</u></u>	<u><u>40,58,45,005</u></u>

8. CASH AND CASH EQUIVALENTS :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
A. Cash and Cash Equivalents :		
Balances with Banks :		
in Current Accounts	20,45,549	51,69,804
Cash Balance on Hand	<u>5,76,598</u>	<u>11,06,151</u>
TOTAL (A)	<u><u>26,22,147</u></u>	<u><u>62,75,955</u></u>
B. Bank balances other than Cash and Cash Equivalents :		
in Deposit Accounts against Margin Money		
- Maturity upto 12 months	-	1,00,000
- Maturity above 12 months	<u>-</u>	<u>24,10,496</u>
	-	25,10,496
Less : Amount disclosed under other Non-current Assets [Refer Note 4]	<u>-</u>	<u>(24,10,496)</u>
TOTAL (B)	<u>-</u>	<u>1,00,000</u>
TOTAL (A + B)	<u><u>26,22,147</u></u>	<u><u>63,75,955</u></u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

9. OTHER CURRENT FINANCIAL ASSETS :

[Unsecured, considered good]

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Export Incentives Receivables	1,26,88,748	56,54,001
Balance with Government Authorities	3,37,17,958	2,31,81,140
Other Loans and Advances	14,03,915	12,63,578
	<u>4,78,10,621</u>	3,00,98,719
Less : Provision for Doubtful Adjustment/Recovery of GST	(3,37,17,958)	-
TOTAL OTHER CURRENT FINANCIAL ASSETS	<u><u>1,40,92,663</u></u>	<u><u>3,00,98,719</u></u>

10. OTHER CURRENT ASSETS :

[Unsecured, considered good]

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Advances for Supply of Goods and Services	38,53,700	1,31,46,677
Prepaid Expenses	13,71,023	15,46,590
TOTAL OTHER CURRENT ASSETS	<u><u>52,24,723</u></u>	<u><u>1,46,93,267</u></u>

11. EQUITY SHARE CAPITAL :

Particulars	As at March 31, 2019		As at March 31, 2018	
	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>

11.1 Details of Shareholders holding more than 5% Shares :

	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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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, 2019	As at March 31, 2018
	₹	₹
Capital Reserve :		
Balance as per last financial statements	9,11,71,088	9,11,76,262
Adjustment for Depreciation	<u>(5,174)</u>	<u>(5,174)</u>
Balance at the end of the year	<u>9,11,65,914</u>	<u>9,11,71,088</u>
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	(1,54,70,40,175)	(1,49,54,31,474)
Net Profit/(Net Loss) for the year	(11,32,55,806)	(5,10,87,977)
Other Comprehensive Income/(Expense) for the year	<u>(7,34,247)</u>	<u>(5,20,724)</u>
Balance at the end of the year	<u>(1,66,10,30,228)</u>	<u>(1,54,70,40,175)</u>
TOTAL OTHER EQUITY	<u><u>(1,51,98,64,219)</u></u>	<u><u>(1,40,58,68,992)</u></u>

13. NON-CURRENT BORROWINGS :

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current Maturities	Non-current	Current Maturities
	₹	₹	₹	₹
Secured :				
Term Loan from Bank [Refer Note 13.1]	-	-	17,00,244	-
Other Loans [Refer Note 13.2]	80,50,04,945	22,52,86,932	82,16,11,182	10,80,00,000
Against Hire Purchase of Vehicles [Refer Note 13.3]	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,50,779</u>
Total Secured Non-current Borrowings	<u>80,50,04,945</u>	<u>22,52,86,932</u>	<u>82,33,11,426</u>	<u>10,82,50,779</u>
Unsecured :				
Loans and Advances from others [Refer Note 13.4]	<u>-</u>	<u>-</u>	<u>13,00,00,000</u>	<u>-</u>
Total Unsecured Non-current Borrowings	<u>-</u>	<u>-</u>	<u>13,00,00,000</u>	<u>-</u>
TOTAL NON-CURRENT BORROWINGS				
Less : Disclosed under Other Current Liabilities [Refer Note 17]		(22,52,86,932)		(10,82,50,779)
TOTAL NON-CURRENT BORROWINGS	<u>80,50,04,945</u>	<u>22,52,86,932</u>	<u>95,33,11,426</u>	<u>10,82,50,779</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

13.1 Term Loan from AB Bank Limited has been fully paid in the current financial year which was secured by First Charge ranking parri-passu on all movable and immovable assets, present and future (Subject to charge on specified movables created/to be created in favour of Company's Bankers to secure Working Capital) and personal guarantee of Managing Director and erstwhile Director of the Company. Further, Term Loan was also secured by Corporate guarantee and First Charge on immovable properties of Rama Petrochemicals Limited.

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

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 ₹ 9,77,86,932 (Previous Year - ₹ 1,15,00,000)

13.3 Vehicle Loan from Toyota Financial Services India Limited has been fully paid in Equated Monthly Installments alongwith interest in the current financial year and carried interest @ 9.24% p.a. The loan was secured by hypothecation of motor vehicle purchased there against.

13.4 Loan from Nitrex Logistics Private Limited has been fully paid in current financial year and carried interest @ 9% p.a. (Previous Year @ 9% p.a.)

14. OTHER NON-CURRENT FINANCIAL LIABILITIES :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Security Deposits	50,000	50,000
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	50,000	50,000

15. CURRENT BORROWINGS :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Secured :		
Working Capital Loans from Bank	1,53,83,162	3,91,40,364
<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	3,91,40,364

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Unsecured :		
Loans and Advances from Others	-	3,00,00,000
Total Unsecured Current Borrowings	-	3,00,00,000
TOTAL CURRENT BORROWINGS	1,53,83,162	6,91,40,364

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

- Rate of Interest per annum	9.75%	9.75%
- Amount Outstanding in Cash Credit Account	3,23,343	1,59,34,013
- Rate of Interest per annum (Net)	6.50%	6.50%
- Amount Outstanding in Foreign Bills Discounting Account	1,50,59,819	2,32,06,351

16. TRADE PAYABLES :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	43,90,23,815	52,64,86,522
TOTAL TRADE PAYABLES	43,90,23,815	52,64,86,522

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, 2019	As at March 31, 2018
	₹	₹
Current Maturities of Long Term Debts [Refer Note 13]	22,52,86,932	10,82,50,779
Interest Accrued but not Due	-	20,61,247
Statutory Dues	22,85,625	32,48,299
Employee Dues	1,44,35,049	1,62,83,030
Other Liabilities	93,100	81,00,000
TOTAL OTHER CURRENT FINANCIAL LIABILITIES	24,21,00,706	13,79,43,355

18. CURRENT PROVISIONS :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Provision for Employee Benefits [Refer Note 25]	52,00,202	61,54,666
TOTAL CURRENT PROVISIONS	52,00,202	61,54,666

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

19. OTHER CURRENT LIABILITIES :

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Amortised Cost of Debts	40,84,69,244	51,67,54,410
Advances from Customers	4,03,221	2,93,508
TOTAL OTHER CURRENT LIABILITIES	40,88,72,465	51,70,47,918

20. SALE OF FINISHED GOODS :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Sale of Denim Fabric	69,63,88,515	1,47,51,68,840
TOTAL SALE OF PRODUCTS	69,63,88,515	1,47,51,68,840

21. OTHER OPERATING REVENUES :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Sale of Waste and Other Materials	54,64,153	1,02,63,887
Export Incentives	85,30,726	49,71,177
TOTAL OTHER OPERATING REVENUES	1,39,94,879	1,52,35,064

22. OTHER INCOME :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Gain on Foreign Exchange Fluctuations (Net)	54,23,001	18,42,366
Profit on Sale of Assets (Net)	13,55,16,399	13,52,89,664
Interest Income	29,42,961	30,49,164
Interest on Amortised Cost of Debts	10,82,85,166	10,69,37,420
Miscellaneous Income	6,35,851	8,54,709
TOTAL OTHER INCOME	25,28,03,378	24,79,73,323

23. COST OF MATERIALS CONSUMED :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Opening Stock	2,13,03,343	2,01,43,499
Add : Purchases	42,15,95,248	94,23,08,794
	44,28,98,591	96,24,52,293
Less : Closing Stock	1,16,61,112	2,13,03,343
TOTAL MATERIALS CONSUMED	43,12,37,479	94,11,48,950

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Finished Goods :		
Closing Stocks	3,57,04,975	5,28,08,595
Opening Stocks	<u>5,28,08,595</u>	<u>1,88,81,580</u>
Decrease / (Increase) in Finished Goods	<u>1,71,03,620</u>	<u>(3,39,27,015)</u>
Work-in-progress :		
Closing Stocks	3,62,24,350	5,64,90,092
Opening Stocks	<u>5,64,90,092</u>	<u>7,71,55,807</u>
Decrease / (Increase) in Work-in-progress	<u>2,02,65,742</u>	<u>2,06,65,715</u>
Waste :		
Closing Stocks	4,64,477	65,805
Opening Stocks	<u>65,805</u>	<u>10,43,255</u>
Decrease / (Increase) in Waste	<u>(3,98,672)</u>	<u>9,77,450</u>
DECREASE / (INCREASE) IN INVENTORIES	<u>3,69,70,690</u>	<u>(1,22,83,850)</u>

25. EMPLOYEE BENEFITS EXPENSE :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Salary and Wages (Including Contractual Workmen)	12,70,57,183	14,73,03,218
Contribution to Provident Fund and Other Funds	1,82,29,247	1,93,79,753
Staff Welfare Expenses	<u>12,71,912</u>	<u>16,39,070</u>
TOTAL EMPLOYEE BENEFITS EXPENSE	<u>14,65,58,342</u>	<u>16,83,22,041</u>

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, 2019	For the year ended March 31, 2018
	₹	₹
- Provident Fund	94,63,669	1,07,28,782
- Employees' State Insurance	<u>41,52,083</u>	<u>45,83,077</u>

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	₹	₹	₹	₹
Principal Actuarial Assumptions :				
Discount rate	8.00%	8.00%	8.00%	8.00%
Salary escalation rate	7.00%	7.00%	7.00%	7.00%
Changes in present value of the obligation :				
Present value of the Obligation at the beginning of the year	2,05,58,582	42,95,269	1,68,98,544	32,01,589
Interest Cost	16,44,687	3,43,622	13,51,884	2,56,127
Current Service Cost	39,96,708	31,37,556	37,78,559	35,11,109
Benefits Paid	(24,96,698)	(17,89,043)	(19,91,129)	(8,54,026)
Actuarial (Gain) / Loss on Obligation	7,34,247	(35,30,488)	5,20,724	(18,19,530)
Present value of Obligation at year end	2,44,37,526	24,56,916	2,05,58,582	42,95,269
Changes in the fair value of Plan Assets				
Fair value of Plan Assets at the beginning of year	1,61,40,664	25,58,521	1,29,95,374	29,54,569
Expected return on Plan Assets	11,75,440	1,71,157	12,33,249	2,10,958
Contribution	44,17,918	17,36,748	39,03,170	2,47,020
Benefits Paid	(24,96,698)	(17,89,043)	(19,91,129)	(8,54,026)
Actuarial gain/(loss) on Plan Assets	-	-	-	-
Fair value of Plan Assets at the end of year	1,92,37,324	26,77,383	1,61,40,664	25,58,521
Actuarial Gain / (Loss) recognized :				
Actuarial Gain / (Loss) for the year				
- Obligation	(7,34,247)	35,30,488	(5,20,724)	18,19,530
- Plan Assets	-	-	-	-
Total Gain / (Loss) for the year	(7,34,247)	35,30,488	(5,20,724)	18,19,530
Actual Gain / (Loss) recognized in the year	(7,34,247)	35,30,488	(5,20,724)	18,19,530
Amount to be recognized in the Balance Sheet :				
Present value of Obligation at year end	2,44,37,526	24,56,916	2,05,58,582	42,95,269
Fair value of Plan Assets at year end	1,92,37,324	26,77,383	1,61,40,664	25,58,521
Funded status	(52,00,202)	2,20,467	(44,17,918)	(17,36,748)
Net Asset / (Liability) recognized in the Balance Sheet	(52,00,202)	-	(44,17,918)	(17,36,748)
Expenses recognized in the Statement of Profit and Loss :				
Current Service Cost	39,96,708	31,37,556	37,78,559	35,11,109
Interest Cost	16,44,687	3,43,622	13,51,884	2,56,127
Expected return on Plan Assets	(11,75,440)	(1,71,157)	(12,33,249)	(2,10,958)
Actuarial (Gain) / Loss recognized in the year	7,34,247	(35,30,488)	5,20,724	(18,19,530)
Expenses recognized in the Statement of Profit and Loss	52,00,202	83,328	44,17,918	17,36,748

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

26. FINANCE COSTS :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Interest Expenses	76,49,595	3,20,35,812
Interest on Amortised Cost of Debts	11,24,81,519	10,57,37,104
TOTAL FINANCE COSTS	12,01,31,114	13,77,72,916

27. OTHER EXPENSES :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Manufacturing Expenses :		
Colours, Dyes and Chemicals Consumed	7,21,79,153	17,50,28,065
Stores, Spares, Packing and Consumables Consumed	1,09,02,192	2,80,10,637
Power and Fuel Expenses	11,49,17,589	18,89,66,111
Job Work Charges	54,59,508	3,47,12,083
Insurance Expenses	12,81,852	14,74,742
Repairs and Maintenance :		
- Buildings	6,52,948	5,31,737
- Plant and Machinery	39,20,139	69,16,320
Total Manufacturing Expenses	20,93,13,381	43,56,39,695
Administrative Expenses :		
Travelling and Conveyance Expenses	43,88,945	64,05,173
Rental and Hiring Charges	66,87,650	85,81,288
Postage and Courier Expenses	4,78,179	8,52,497
Printing and Stationery	20,53,416	23,65,816
Rates, Fee and Taxes	16,63,551	21,56,057
Professional and Legal Expenses	43,64,551	1,45,90,595
Telecommunication Expenses	10,48,505	13,22,345
Directors' Sitting Fee	98,000	86,000
Auditors' Remuneration :		
- for Audit Fee	3,38,650	3,03,719
- for Taxation Matters	75,000	63,750
- for Other Services	85,000	1,56,250
- for Re-imbursement of Expenses	-	1,457
Advertisement and Publicity Expenses	96,872	1,63,915
Repairs and Maintenance to Others	10,44,612	21,57,792
Running and Maintenance to Vehicles	15,53,786	17,22,851
Doubtful Advances and Recoverables Provided	3,37,17,958	-
Financial Charges	18,19,269	6,49,728
Other Expenses	41,80,385	60,62,751
Total Administrative Expenses	6,36,94,329	4,76,41,984

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
Selling and Distribution Expenses :		
Freight and Forwarding Expenses	1,49,75,379	91,64,981
Sales Commission	75,37,344	43,43,005
Rebate, Discounts and Claims	1,20,81,695	2,91,07,928
Doubtful Debts Provided	83,12,279	2,25,000
Other Selling and Distribution Expenses	55,66,883	56,99,080
Total Selling and Distribution Expenses	4,84,73,580	4,85,39,994
TOTAL OTHER EXPENSES	32,14,81,290	53,18,21,673

28. EARNING PER EQUITY SHARE :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	₹	₹
a. Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(11,32,55,806)	(5,10,87,977)
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	(8.53)	(3.85)
g. Diluted Earning per Equity Share	(8.53)	(3.85)

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

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

29. RELATED PARTIES DISCLOSURE :

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

a. Names of Related Parties and Related Party Relationship :

Relationship		Related Parties
(i)	Associates	Rainbow Agri Industries Limited
(ii)	Entities having significant influence over the enterprise.	Silver Eagle Inc.
(iii)	Key managerial personnel (KMP)	Mr. H. D. Ramsinghani - Chairman Mr. S. S. Arora - Whole Time Director
(iv)	Relative to Key Managerial Personnel.	Ms. N. H. Ramsinghani - Director Ms. Shefali B. Karani - Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Relationship	Related Parties
(v) Enterprises over which Key Managerial Personnel are able to exercise significant influence.	Rama Phosphate Limited
	Rama Petrochemicals Limited
	Rama Industries Limited
	Rama Capital & Fiscal Services Private Limited
	Blue Lagoon Investments Private Limited
	Nova Gelicon Private Limited
(vi) Non-executive/Independent Directors	Mr. D. N. Singh - Director
	Mr. N. R. Joshi - Director
	Mr. B. L. Khanna - Director
	Mr. R. G. Kulkarni - 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	6,22,91,138				6,22,91,138
	(14,61,01,698)				(14,61,01,698)
Sale of Tangible and Intangible Assets					
	(16,89,10,000)				(16,89,10,000)
Finance Cost			(38,630)		(38,630)
Rental and Hiring Charges			(1,16,095)		(1,16,095)
Directors' Remuneration		26,88,000			26,88,000
		(26,88,000)			(26,88,000)
Directors' Sitting Fee		26,000		72,000	98,000
		(22,000)		(64,000)	(86,000)
Interest Income			(10,00,932)		(10,00,932)
Loans Taken			60,00,000		60,00,000
			(1,10,00,000)		(1,10,00,000)
Loans Repaid			60,00,000		60,00,000
			(1,10,00,000)		(1,10,00,000)
Loans Given			(7,50,00,000)		(7,50,00,000)
Loans Received Back			(7,50,00,000)		(7,50,00,000)

Figures in parentheses represents Previous Year's amounts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

29.1 Disclosure in respect of Related Party transactions :

	Relationship	For the year ended	For the year ended
		March 31, 2019	March 31, 2018
		₹	₹
Purchases/Materials Consumed :			
Rainbow Agri Industries Limited	Associates	6,21,18,858	14,61,01,698
Rama Phosphates Limited	Associates	1,72,280	-
Sale of Tangible and Intangible Assets :			
Rainbow Agri Industries Limited	Associates	-	16,89,10,000
Finance Cost :			
Rama Phosphates Limited	Enterprises	-	38,630
Rental Expenses :			
Rama Industries Limited	Enterprises	-	1,16,095
Directors' Remuneration :			
Mr. S. S. Arora	KMP / Relatives	26,88,000	26,88,000
Sitting Fee to Directors :			
Mr. H. D. Ramsinghani	KMP / Relatives	26,000	14,000
Mr. S. S. Arora	Others	-	2,000
Mr. D. N. Singh	Others	32,000	22,000
Mr. N. R. Joshi	Others	8,000	20,000
Mr. R. G. Kulkarni	Others	30,000	20,000
Ms. N. H. Ramsinghani	KMP / Relatives	-	8,000
Mr. B. L. Khanna	Others	2,000	-
Interest Income :			
Rama Phosphates Limited	Enterprises	-	10,00,932
Loan Taken :			
Rama Industries Limited	Enterprises	-	95,00,000
Blue Lagoon Investments Private Limited	Enterprises	60,00,000	-
Rama Phosphates Limited	Enterprises	-	15,00,000
Loan Repaid :			
Rama Industries Limited	Enterprises	-	95,00,000
Blue Lagoon Investments Private Limited	Enterprises	60,00,000	-
Rama Phosphates Limited	Enterprises	-	15,00,000
Loan Given :			
Rama Phosphates Limited	Enterprises	-	7,50,00,000
Loan Received Back :			
Rama Phosphates Limited	Enterprises	-	7,50,00,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Outstandings at the close of the year on account of :	Relationship	As at	As at
		March 31, 2019	March 31, 2018
		₹	₹
Advances for Supplies :			
Rainbow Agri Industries Limited	Associates	-	1,19,36,091
Loans and Advances :			
Rama Petrochemicals Limited	Enterprises	-	10,00,000
Investments (Net of provisions) :			
Rama Industries Limited	Enterprises	-	1,000

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, 2019	As at March 31, 2018
	₹	₹
Deferred Tax Liability :		
Property, Plant and Equipment	3,47,79,259	2,34,16,083
Deferred Tax Assets :		
Disallowance u/s 43B of Income-tax Act, 1961	(9,20,40,777)	(12,15,37,918)
Unabsorbed Depreciation and Business Loss	(44,70,76,050)	(45,63,06,385)
Temporary difference on Fair Value of Debts	(10,91,052)	(29,55,424)
Provision for Doubtful Recoverables	(1,19,66,750)	(11,65,154)
Net Deferred Tax Assets	(51,73,95,370)	(55,85,48,798)

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

31. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT :

31.1 Accounting Classification :

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

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Financial Assets :		
Investments	2,81,250	2,82,250
Trade Receivables	11,89,86,439	40,58,45,005
Cash and Cash Equivalents	26,22,147	63,75,955
Other Financial Assets	3,96,42,658	6,25,19,224
Total Financial Assets	16,15,32,494	47,50,22,434

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018
	₹	₹
Financial Liabilities :		
Borrowings	1,04,56,75,039	1,13,07,02,569
Trade Payables	43,90,23,815	52,64,86,522
Other Financial Liabilities	1,68,63,774	2,97,42,576
Total Financial Liabilities	1,50,15,62,628	1,68,69,31,667

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.

- (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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Exposure to Liquidity Risk :

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

As at March 31, 2019	Carrying Amount	Contractual Cash Flow				
		Total	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
		₹	₹	₹	₹	₹
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	-

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

(c) Market Risk :

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

Currency Risk :

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

Interest Rate Risk :

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

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

Commodity Price Risk :

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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, 2019	As at March 31, 2018
	₹	₹
Borrowings	1,04,56,75,039	1,13,07,02,569
Cash & Cash Equivalents	26,22,147	63,75,955
Net Debts	1,04,30,52,892	1,12,43,26,614
Total Equity	(1,38,70,26,789)	(1,27,30,31,562)
Debt/Equity Ratio	(0.75) : 1	(0.88) : 1

33. CORPORATE SOCIAL RESPONSIBILITY :

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

34. Bond for ₹ 27,00,00,000 was issued against export obligation of US\$ 7,75,98,359 which is to be fulfilled by January 12, 2025 or such further extension as may be granted. The company has to fulfill balance export obligation of US\$ 69,56,579 by January 12, 2025 or such further extension as may be granted.
35. No Debts or Loans and Advances are due from Directors or Officers of the Company or from Firms or Private Companies in which any Director is a Partner, Director or Member.
36. The management is taking various steps to reduce costs, improve efficiencies to make its operations profitable and to arrange sufficient funds for its operations. In view of these, financial statements have been prepared on the basis that the Company will continue as a "going concern".
37. Segment wise details, as required by 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.
38. Figures have been rounded off to the nearest rupee.
39. Previous Year figures have been re-grouped/re-arranged, wherever necessary, to make them comparable.

As per our report of even date attached

for Khandelwal & Mehta LLP,

Chartered Accountants

Firm Registration Number : W100084

For and on behalf of the Board of Directors,

Sunil Khandelwal

Partner

Membership Number : 101388

Bhavna Dave

Company Secretary

Place : Mumbai

Place : Mumbai

Date : May 15, 2019

S. S. Arora

Whole Time Director & CFO

DIN - 00033825

D. N. Singh

Director

DIN - 00021741

H. D. Ramsinghani

Chairman

DIN - 00035416

Place : Mumbai

Date : May 15, 2019

RAINBOW DENIM LIMITED

Corporate Identification Number (CIN) : L18101PB1999PLC022452

Regd. Office : Village Chaundheri, Post Office Dappar, Tehsil Derabassi, Dist. Mohali, Punjab 140 506.

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

ATTENDANCE SLIP

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

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

For Demat Shares

DP ID	
-------	--

CLIENT ID	
-----------	--

For Physical Shares

REGD. FOLIO NO.	
-----------------	--

NO. OF SHARES HELD	
--------------------	--

I certify that I am a Member/Proxy for the Member of the Company. I hereby record my presence at the Twentieth Annual General Meeting of the Company held on Monday, December 30, 2019 at 10.00 a.m. at the Registered Office of the Company at Village Chaundheri, P.O. Dappar, Tehsil Derabassi, Dist. Mohali, Punjab 140506.

Name of the Member / Proxy
(in BLOCK letters)

Signature of the Member/Proxy

RAINBOW DENIM LIMITED

Corporate Identification Number (CIN) : L18101PB1999PLC022452

Regd. Office : Village Chaundheri, Post Office Dappar, Tehsil Derabassi, Dist. Mohali, Punjab 140 506.

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

PROXY FORM

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

Name of the Member (s) : _____

Folio No/Client Id* _____ Registered address : _____

DP ID* _____ E-mail Id : _____

• Applicable for Members holding shares in electronic form

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

1. Name : _____

Address : _____

E-mail ID : _____ Signature _____ or failing him/her

2. Name : _____

Address : _____

E-mail ID : _____ Signature _____ or failing him/her

3. Name : _____

Address : _____

E-mail ID : _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the Twentieth Annual General Meeting of the Company, to be held on Monday, December 30, 2019 at 10.00 a.m. at the Registered Office of the Company at Village Chaundheri P.O. Dappar, Tehsil Derabassi, Dist. Mohali, Punjab 140506 and at any adjournment thereof in respect of such resolutions as indicated overleaf:

Resolution No.	Resolutions	For	Against
Ordinary Business			
1.	Adoption of Audited Financial Statements together with Report of Directors and Auditors thereon, for the year ended March 31, 2019		
2.	Reappointment of Mr. H. D. Ramsinghani (DIN 00035416) Director who retires by rotation.		
Special Business			
3.	Approval of remuneration of Cost Auditors M/s. Pawan & Associates (Registration No. 101729)		
4.	Re-appointment of Mr. D.N. Singh (DIN 00021741) as an Independent Director of the Company.		
5.	Appointment of Mr. B. L. Khanna (DIN 00841927) as an Independent Director of the Company.		

Signed this _____ day of _____ 2019

Signature of Member

Signature of Proxy Holder(s)

Affix 0.15 paise Revenue Stamp

Notes :

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company
3. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a Proxy does not prevent a Member from attending the meeting in person, if he/she so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient but names of all joint holders should be stated.

