

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

RAINBOW
DENIM LTD.

SEVENTEENTH ANNUAL REPORT 2015-2016

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

MR. H. D. RAMSINGHANI

REGISTERED OFFICE & WORKS

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

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

DIRECTORS

MR. D. N. SINGH
MR. S. S. ARORA
MR. MAHENDRA LODHA - (up to 15.06.2016)
MR. R. G. KULKARNI
MRS. N. H. RAMSINGHANI
MR. N. R. JOSHI - Additional Director (from 30.05.2016)

COMPANY SECRETARY

MR. R. D. JOG

REGISTRARS & TRANSFER AGENT

LINK INTIME INDIA PVT.LTD.
C-13, PANNALAL SILK MILLS
COMPOUND,
L.B.S MARG, BHANDUP (WEST),
MUMBAI 400 078
TEL : 25946969 /25946970
FAX : 25946969
EMAIL: rnt.helpdesk@linktime.co.in
Website : www.linkintime.com

AUDITORS

DAYAL & LOHIA
CHARTERED ACCOUNTANTS
MUMBAI

BANKERS

AB BANK LTD

RAINBOW DENIM LIMITED

Corporate Identification Number (CIN) : L18101PB1999PLC022452

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

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

Website : www.rainbowdenim.com

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of RAINBOW DENIM LIMITED will be held on Friday the 23rd day of September 2016, at 10.00 a. m. at the Registered Office of the Company at Village Chaundheri, P O Dappar, Tehsil Derabassi, District Mohali, Punjab 140506 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2016 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. N. H. Ramsinghani (DIN 01327609) who retires by rotation and being eligible, offers herself for reappointment.
3. To consider, and if thought fit, to pass with or without modification, the following Resolution, as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under including any statutory modification or re enactment thereof for the time being in force the retiring Statutory Auditors M/s. Dayal and Lohia (Registration No 102200W), Chartered Accountants be and they are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification, as an Ordinary Resolution the following :
“RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re enactments thereof for the time being in force) M/s. J. Verma and Associates (Registration No. 100769) appointed by the Board of Directors as Cost Auditor for audit of cost records for the financial year 2016-17 be paid a remuneration of ₹ 30,000/- plus applicable taxes and reimbursement of out of pocket expenses.”
“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to the above resolution.”
5. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, 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, Mr. N. R. Joshi (DIN 03574604) who was appointed by the Board of Directors as an Additional Director and 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 from the date of appointment up to May 30, 2021.”

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a), 188 and other applicable provisions, if any, of the Companies act,2013 read with rules, circulars, orders and notifications issued there under and subject to such consents, approvals and sanctions as may be necessary, the consent of the Members be and it is hereby accorded to the Board of Directors (the Board) for selling, transferring or otherwise disposing off the undertakings/assets as per details set out in the Explanatory Statement on an arms length basis at prevailing market rates.”

“RESOLVED FURTHER THAT the Board (which term shall include a committee thereof) be and is hereby authorized to take all such steps and do all such acts, deeds, matters and things, including the authority to negotiate and finalize the terms and conditions for the said sale/transfer and execute documents etc, as may be required, necessary and expedient to the end and intent that no further approval of the Members shall be required to give effect to the above 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 Friday the 16th day of September, 2016 to Friday the 23rd day of September, 2016 (both days inclusive).
4. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public Holidays from 11.00 am to 1.00 pm up to the date of the meeting.
5. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at the Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
6. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
7. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a ‘Green Initiative in Corporate Governance’ and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.
8. The Company is pleased to provide e-voting facility through Central Depository Services (India) Limited (CDSL) to enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice dated August 11, 2016 for the 17th Annual General Meeting of the Company.

e-Voting instructions

The instructions for members for voting electronically are as under ;

(I) The voting period begins on 19/09/2016 at 9.00 am and ends on 22/09/2016 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 September 16, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(II) Procedure :

The shareholders should log on to the e-voting website www.evotingindia.com.

(i) Click on Shareholders.

(ii) 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.

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

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

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

| | For Members holding shares in Demat Form and Physical Form |
|-----------------------|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field. |

(v) After entering these details appropriately, click on "SUBMIT" tab.

(vi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(viii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xiv) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (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 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.

- (III) The Company has appointed Mr. Ajay K. Arora, Practicing Company Secretary (Membership Number FCS 2191) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (IV) The results shall be declared after the Annual General Meeting. The results along with the Scrutinizer’s report shall be placed on the website of the Company and also communicated to the stock Exchange.
- (V) In case you have any queries or issues regarding e-voting, you may refer the “Frequently Asked Questions” (FAQs) and e-voting manual available at www.evotingindia.com under help section or send an email to helpdesk.evoting@cdslindia.com.

By Order of the Board
For RAINBOW DENIM LTD.

R. D. JOG
COMPANY SECRETARY

Place : Mumbai
Dated : August 11, 2016

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

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

ITEM NO 4

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. J Verma and Associates (Registration No. 100769) as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

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

ITEM NO 5

Mr. N. R. Joshi is a Non Executive Director of the Company. He joined the Board of Directors on May 30, 2016

Mr. N. R. Joshi is B. E. (Chemical Engineering) and a member of the Institute of Engineers, India. He has a total experience of over 35 years in the field of Gelatin manufacturing and has served in various capacities in different companies viz. Marine Chemicals, India Gelatin & Chemicals Ltd etc. It is proposed to appoint Mr. N. R. Joshi 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 along with deposit of the requisite amount under the provisions of Section 160 of the Act, proposing the candidature of Mr. N. R. Joshi for the office of Director.

Mr. N. R. Joshi 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. N. R. Joshi 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. N. R. Joshi that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (LODR) Regulations' 2015.

The draft letter of appointment of Mr. N. R. Joshi 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. N. R. Joshi does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. N. R. Joshi 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.

ITEM NO 6

In order to improve liquidity and reduce the debt burden the Company is proposing to sell/transfer or otherwise dispose off the office premises at 51/52, Free Press House, Nariman Point, Mumbai 400021 to a related party, after obtaining all requisite approvals, for which the enabling resolution is placed before the Members for their approval.

The information as required under Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 is as under :

1. Name of the Related Party : Rama Enterprises
2. Name of the Director or KMP who is related: Mr. H. D. Ramsinghani.
3. Nature of relationship: The relatives of Mr. H. D. Ramsinghani are partners of Rama Enterprises.
4. Nature, material terms, monetary value and particulars of the contract: The office premises of the Company are proposed to be sold to Rama Enterprises on an arms length basis at the prevailing market rate.

All the other Directors and the Key Managerial Personnel along with their relatives may be deemed to be concerned or interested in the resolution to the extent of their shareholding, if any.

By Order of the Board
For RAINBOW DENIM LTD.

Place : Mumbai
Dated : August 11, 2016

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

R. D. JOG
COMPANY SECRETARY

INFORMATION PURSUANT TO SEBI (LODR) REGULATIONS, 2015

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

Reappointment

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

Mrs. N. H. Ramsinghani has done her MBA from U. S. A. and has over 30 years of rich and varied experience in the field of International Trade, Business management and Real Estate Development.

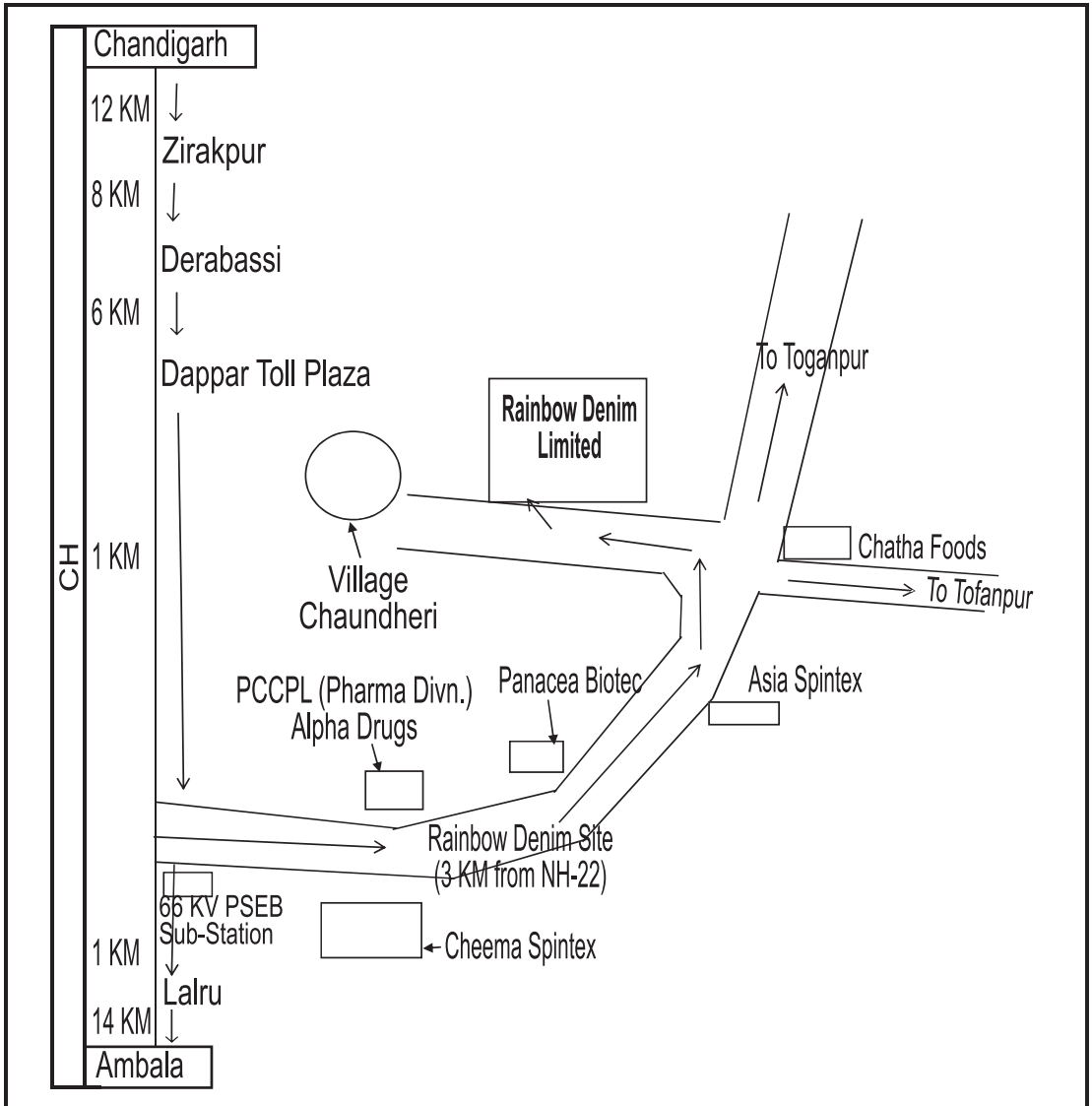
She is also a Director of Jupiter Corporate Services Pvt. Ltd., Rama Phosphates Ltd and Rama Petrochemicals Limited. She is not a member or chairman of any committee in any other company. She does not hold any shares in the Company.

Appointment

Mr. N. R. Joshi is B. E. (Chemical Engineering) and a member of the Institute of Engineers, India. He has a total experience of over 35 years in the field of Gelatin manufacturing and has served in various capacities in different companies viz. Marine Chemicals, India Gelatin & Chemicals Ltd etc. Mr. N. R. Joshi does not hold any Shares of the Company

Mr. N. R. Joshi is a whole time Director in Rama Industries Limited and a Director of Rama Phosphates Limited and Rama Petrochemicals Limited. He is a Member of Audit Committee and Stakeholders Relationship Committee of Rama Petrochemicals Limited.

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



DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2016.

FINANCIAL RESULTS

(₹ in lacs)

| | YEAR ENDED 31.03.2016 | YEAR ENDED 31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Profit/(Loss) before Depreciation | (521.74) | (840.17) |
| Depreciation | 450.91 | 1112.06 |
| Profit/(Loss) after Depreciation | (972.65) | (1952.23) |
| Profit/(Loss) before Tax | (972.65) | (1952.23) |
| Tax expenses | Nil | Nil |
| Net Profit/(Loss) for the year | (972.65) | (1952.23) |

DIVIDEND

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

REVIEW OF OPERATIONS

The total production of Denim fabric during the year under review was 137.11 million meters as compared to 115.52 million meters during the previous year. The Company has achieved a sales turnover of ₹ 22080.40 lacs during the year under review as compared to a turnover of ₹ 16726.54 lacs during the previous year. The segment wise details as required by Accounting Standard – 17 are given in the notes forming part of the Accounts.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Denim industry is growing at about 15% per annum. The domestic capacity is about 1200 million meters and about 30% of the current production is exported. The favorable market conditions have led to increase in denim capacity by existing manufacturers and also the entry of several new players.

FUTURE PROSPECTS

The per capita consumption of Denim jeans in India is less than one as compared to Nine in the USA which highlights the tremendous potential for growth for the Denim Industry. The consumption of denim fabric is mostly in the metros and it is expected that the denim consumption in rural as well as semi urban areas will increase in the next few years resulting in a huge demand for quality denim fabrics.

CORPORATE GOVERNANCE

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. Appropriate policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and the loss of the Company for the year ended March 31, 2016;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The annual accounts have been prepared on a going concern basis; and
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;
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. Mahendra Lodha – Chairman (up to 15/06/2016), Mr. D.N. Singh, Mr. H. D. Ramsinghani, Mr. R. G. Kulkarni and Mr. N. R. Joshi (Chairman from 11/08/2016). 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, Mr. S. S. Arora and Mr. N. R. Joshi.

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 which presently consists of Mr. Mahendra Lodha – Chairman (up to 15/06/2016), Mr. D. N. Singh, Mr. S. S. Arora, Mr. R. G. Kulkarni (Chairman from 11/08/2016) and Mr. N. R. Joshi.

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

DISCLOSURES

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo is annexed hereto as Annexure A and forms a part of this Report.

No remuneration was paid to the Managing Director during the year under review and no remuneration was paid to non executive Directors other than sitting fees for attending meetings of the Board or committees thereof. The 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 is annexed hereto as Annexure B and forms a part of the Report. The details pertaining to remuneration as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as 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.

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.

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.

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

DIRECTORS

During the year under review, four Board Meetings were held on May 29, 2015, August 4, 2015, November 6, 2015 and February 12, 2016.

Mr. Mahendra Lodha, an Independent Director, has resigned from the Board of Directors with effect from June 15, 2016 due to his other professional commitments. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Lodha during his long association with the Company.

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

The Board of Directors, at the meeting held on May 30, 2016, have appointed Mr. N. R. Joshi as an Additional Director who will hold office of a Director up to the date of the forthcoming Annual General Meeting. The Company has received a notice from a member signifying the intention to propose the name of Mr. N. R. Joshi as a Director of the Company. It is therefore proposed that Mr. N. R. Joshi be appointed as an Independent Director for a term of five years up to May 30, 2021.

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.

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 performance evaluation of the Chairman and the non executive Directors was carried out by the Independent Directors of the Company in their meeting held on February 12, 2016.

STATUTORY AUDITORS REPORT

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

AUDITORS

M/s. Dayal & Lohia, Chartered Accountants, (Membership No 102200W) the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from them certifying that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Companies Act, 2013.

SECRETARIAL AUDIT

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

COST AUDIT

The Company has appointed M/s. J. Verma & Associates, qualified Cost Auditors for conducting the Audit of cost records for the financial year 2016-17. The Company has received a Certificate from Cost Auditors certifying their independence and arm's length relationship with the Company.

The Cost Audit Compliance Report for the financial year ended 31st March, 2015 was filed on September 14, 2015 with Ministry of Corporate Affairs, New Delhi. The Cost Audit Report for the financial year ended 31st March, 2016 will be filed within the stipulated time.

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.

FIXED DEPOSITS

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

SAFETY, ENVIRONMENTAL CONTROL & PROTECTION

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

INDUSTRIAL RELATIONS

The Industrial Relations remained cordial during the year under review.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Mumbai
Date : August 11, 2016

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR
DIN : 00035416

ANNEXURE A TO DIRECTOR'S REPORT

PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND ADAPTATION AND FOREIGN EXCHANGE EARNING AND OUTGO

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 :

| | 2015-16 | 2014-15 |
|--|---------|---------|
| A. POWER AND FUEL CONSUMPTION : | | |
| 1. ELECTRICITY : | | |
| a. Purchased (PSEB) : | | |
| Units (in thousand) | 25537 | 23247 |
| Total cost (₹ in Laacs) | 1797.97 | 1642.49 |
| Rate per Unit (₹) | 7.04 | 7.07 |
| b. Own Generation : | | |
| Through Diesel Generation : | | |
| Units (in thousand) | 11 | 11 |
| Units per Litre of Diesel | 3.17 | 3.08 |
| Cost per Unit (₹) | 15.32 | 17.53 |
| Through Steam Turbine/Generator : | | |
| Units (in thousand) | Nil | Nil |
| Units per Litre of Fuel, Oil, Gas | NA | NA |
| Cost per unit | NA | NA |

| | 2015-16 | 2014-15 |
|--|---------|---------|
| 2. FURNACE OIL : | | |
| Quantity (in Kltrs) | Nil | Nil |
| Total Amount (Rs in Lacs) | NA | NA |
| Average Rate | NA | NA |
| 3. OTHER INTERNAL GENERATION | Nil | Nil |
| B. CONSUMPTION PER UNIT OF PRODUCTION : | | |
| Production of Denim Fabric (in Lacs Mtrs.) | 137.11 | 115.52 |
| Electricity (kwh per Meter) | 1.86 | 2.01 |
| Furnace Oil | Nil | Nil |
| Coal | Nil | Nil |

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

I. RESEARCH AND DEVELOPMENT (R & D) :

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

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

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

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

3. Future Plan of Action :

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

4. Expenditure on R & D :

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

II. TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION :

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

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

2. Benefits derived as a result of above efforts :

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

3. Information of Imported Technology :

Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

| | (₹ in Lacs) |
|-------------------------|-------------|
| Foreign Exchange used | 1003.10 |
| Foreign Exchange earned | 185.22 |

For and on behalf of the Board

Place : Mumbai

Date : August 11, 2016

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR
DIN : 00035416

ANNEXURE 'B' TO DIRECTOR'S 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. | Not applicable as no remuneration was paid to Directors other than sitting fees for attending meetings of the Board or Committees thereof. |
| (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. | No remuneration was paid to Directors other than sitting fees in the financial year. There was no increase in the remuneration of the KMP. |
| (iii) The percentage increase in the median remuneration of employees in the financial year. | The percentage increase in the median remuneration of other employees in the financial year was 11.69%. |
| (iv) The number of permanent employees on the rolls of company; | 501 |
| (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 the increase in the median remuneration. |
| (vi) Affirmation that the remuneration is as per the remuneration policy of the company. | The remuneration is as per the remuneration policy of the company. |

ANNEXURE 'C' TO DIRECTOR'S 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 31.03.2016 will be provided on request.

ANNEXURE D TO DIRECTOR'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

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

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

Based on my verification of the RAINBOW DENIM LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 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, 2016 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 erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 effective from May 15, 2015;
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the company has not issued any securities during the financial year under review.

- e) The erstwhile 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 effective from December 01, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- and the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been generally complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air(Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India as notified by Government of India, effective from July 01, 2015.
- b) The erstwhile Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

4. The company has proper board processes.

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

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

I further report that, there were no instances of

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

For A. ARORA & COMPANY

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

Place : Chandigarh
Date : August 11, 2016

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

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 : August 11, 2016

ANNEXURE E TO DIRECTOR'S REPORT

FORM MGT – 9

EXTRACT OF ANNUAL RETURN AS ON MARCH 31,2016

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 - 140 506 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-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup West, Mumbai 400078 Tel: 022-25963838, Fax: 022 - 25946969 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled]

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

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|--------------------------------------|---|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| a) Individual/ HUF | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| b) Central Govt | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| c) State Govt(s) | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| d) Bodies Corp. | 6907800 | Nil | 6907800 | 52.00 | 6907800 | Nil | 6907800 | 52.00 | Nil |
| e) Banks / FI | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| f) Any other (Directors & Relatives) | 8 | Nil | 8 | 0 | 8 | Nil | 8 | 0 | Nil |
| Sub-total (A)(1):- | 6907808 | Nil | 6907808 | 52.00 | 6907808 | Nil | 6907808 | 52.00 | Nil |

Annual Report 2015-2016

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 31-March-2015] | | | | No. of Shares held at the end of the year[As on 31-March-2016] | | | | % 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) | 8014 | Nil | 8014 | 0.06 | 8014 | Nil | 8014 | 0.06 | Nil |
| Sub-total (A) (2):- | 2525449 | Nil | 2525449 | 19.01 | 2525449 | Nil | 2525449 | 19.01 | Nil |
| Total shareholding of Promoter (A) = (A) (1)+(A)(2) | 9433257 | Nil | 9433257 | 71.01 | 9433257 | Nil | 9433257 | 71.01 | Nil |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 280 | Nil | 280 | 0 | 280 | Nil | 280 | 0.00 | Nil |
| b) Banks / FI | 622360 | 1800 | 624160 | 4.70 | 622360 | 1800 | 624160 | 4.70 | Nil |
| c) Central Govt | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| d) State Govt(s) | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| e) Venture Capital Funds | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| f) Insurance Companies | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| g) FIIs | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| i) Others (specify) | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| Sub-total (B)(1):- | 622640 | 1800 | 624440 | 4.70 | 622640 | 1800 | 624440 | 4.70 | Nil |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 350829 | 13366 | 364195 | 2.74 | 274645 | 13366 | 288011 | 2.17 | (0.57) |
| i) Indian | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| ii) Overseas | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| b) Individuals | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 1101030 | 636430 | 1737460 | 13.08 | 1088679 | 632470 | 1721149 | 12.96 | (0.12) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1091982 | Nil | 1091982 | 8.22 | 1177340 | Nil | 1177340 | 8.86 | 0.64 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 12807 | 9760 | 22567 | 0.17 | 17347 | 9760 | 27107 | 0.20 | 0.03 |
| Overseas Corporate Bodies | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 31-March-2015] | | | | No. of Shares held at the end of the year[As on 31-March-2016] | | | | % Change during the year |
|--|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| Foreign Nationals | Nil | Nil | Nil | N A | Nil | Nil | Nil | N A | N A |
| Clearing Members | 9722 | Nil | 9722 | 0.07 | 12279 | Nil | 12279 | 0.09 | 0.02 |
| Trusts | 120 | Nil | 120 | 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):- | 2566490 | 659556 | 3226046 | 24.29 | 2570450 | 655596 | 3226046 | 24.29 | Nil |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 3189130 | 661356 | 3850486 | 28.99 | 3193090 | 657396 | 3850486 | 28.99 | 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) | 12622387 | 661356 | 13283743 | 100 | 12626347 | 657396 | 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. | 283808 | 2.14 | 1.30 | 283808 | 2.14 | 1.30 | Nil |
| 2 | H. D. Ramsinghani | 8 | 0 | 0 | 8 | 0.00 | Nil | Nil |
| 3 | Indo Us Investments Inc | 2517435 | 18.95 | 11.36 | 2517435 | 18.95 | 11.36 | Nil |
| 4 | Jupiter Corporate Services Pvt. Ltd. | 88858 | 0.67 | 0 | 88858 | 0.67 | Nil | Nil |
| 5 | Libra Mercantile Pvt. Ltd. | 231550 | 1.74 | 1.74 | 231550 | 1.74 | 1.74 | Nil |
| 6 | Lajwanti D. Ramsinghani | 8014 | 0.06 | 0.03 | 8014 | 0.06 | 0.03 | Nil |
| 7 | Prarabdh Trading Co. Pvt. Ltd. | 19464 | 0.14 | Nil | 19464 | 0.14 | Nil | Nil |
| 8 | Rama Capital & Fiscal Services Pvt. Ltd. | 40 | 0 | 0 | 40 | 0.00 | Nil | Nil |
| 9 | Rainbow Agri Inds Ltd. | 6000000 | 45.17 | 0 | 6000000 | 45.17 | Nil | Nil |
| 10 | Rama Phosphates Ltd. | 40 | 0 | 0 | 40 | 0.00 | Nil | Nil |
| 11 | Trishul Mercantile Pvt. Ltd. | 284040 | 2.14 | 2.14 | 284040 | 2.14 | 2.14 | Nil |
| | Total | 9433257 | 71.01 | 16.57 | 9433257 | 71.01 | 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 | 9433257 | 71.01 | 9433257 | 71.01 |
| | 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): | | | | |
| | At the end of the year | 9433257 | 71.01 | 9433257 | 71.01 |

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 (01/04/2015 to 31/03/2016) | |
|---------|---|---|----------------------------------|----------------------|-------------------------------------|-----------|--|----------------------------------|
| | | No. of shares at the beginning (01/04/2015)/ end of the year 31/03/2016 | % of total shares of the Company | | | | No. of shares | % of total shares of the company |
| 1 | Bank of India | 6,20,000 | 4.67 | | | No Change | 6,20,000 | 4.67 |
| | | 6,20,000 | 4.67 | | | | | |
| 2 | Madhavi Arora | 1,50,679 | 1.13 | | | No Change | 1,50,679 | 1.13 |
| | | 1,50,679 | 1.13 | | | | | |
| 3 | Hemendra Chunilal Parikh | 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 | Shailendra kumar Gwaliory | 20,000 | 0.15 | 17.07.2015 | Increase | Purchase | 70,000 | 0.90 |
| | | | 0.49 | | | | | |
| | | | | 14.08.2015 | Decrease | Sale | 59,985 | 0.45 |
| | | | | 25.03.2016 | Increase | Purchase | 60,985 | 0.46 |
| | | 65,605 | | 31.03.2016 | Increase | Purchase | 65,605 | 0.49 |
| 6 | Samta Goenka | 62,000 | 0.46 | | | No Change | 62,000 | 0.46 |
| | | 62,000 | 0.46 | | | | | |
| 7 | Sangeetha S. | 61,500 | 0.46 | | | No Change | 61,500 | 0.46 |
| | | 61,500 | 0.46 | | | | | |
| 8 | Manilal Hirji Shah HUF | 59,579 | 0.44 | | | No Change | 59,579 | 0.44 |
| | | 59,579 | 0.44 | | | | | |
| 9 | Chandrakant Ratanshi Chedda | Nil | 0.00 | 4.09.2015 | Increase | Purchase | 55,656 | 0.42 |
| | | | 0.00 | 18.09.2015 | Increase | Purchase | 55,666 | 0.42 |
| | | | | 11.11.2015 | Decrease | Sale | 55,661 | 0.42 |
| | | 55,701 | | 8.01.2016 | Increase | Purchase | 55,701 | 0.42 |
| 10 | Sathya S. | 47,116 | 0.35 | | | No Change | 47,116 | 0.35 |
| | | 47,116 | 0.35 | | | | | |

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 (01-04-2015)/ end of the year (31-03-2016) | % 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 | | | | | |
| 4 | S. S. Arora Director | 65349 | 0.49 | | N A | N A | 65349 | 0.49 |
| | | 65349 | 0.49 | | | | | |
| 5 | R. D. Jog Company Secretary | 820 | 0.01 | N A | N A | N A | 820 | 0.01 |
| | | 820 | 0.01 | | | | | |

V. INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|--------------------|------------|----------------------|
| Indebtedness at the beginning of the financial year 01.04.2015 | | | | |
| i) Principal Amount | 147,60,02,931 | 3,50,00,000 | Nil | 151,10,02,931 |
| ii) Interest due but not paid | 11,94,42,794 | Nil | Nil | 11,94,42,794 |
| iii) Interest accrued but not due | 9,90,877 | 6,99,040 | Nil | 16,89,917 |
| Total (i+ii+iii) | 159,64,36,602 | 3,56,99,040 | Nil | 163,21,35,642 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 26,94,59,373 | 1,00,06,807 | Nil | 27,94,66,180 |
| * Reduction | (22,29,33,613) | (99,99,040) | Nil | (23,29,32,653) |
| Net Change | 4,65,25,760 | 7,767 | Nil | 4,65,33,527 |
| Indebtedness at the end of the financial year (31.03.2016) | | | | |
| i) Principal Amount | 164,29,62,362 | 3,50,00,000 | Nil | 167,79,62,362 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | 7,06,807 | Nil | 7,06,807 |
| Total (i+ii+iii) | 164,29,62,362 | 3,57,06,807 | Nil | 167,86,69,169 |

Annual Report 2015-2016

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 |
|---------|---|--------------------------|--|--------------|
| | | MD | | |
| | | Mr. H. D. Ramsinghani | | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | | Nil |
| | (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 | Nil | | Nil |
| | Total (A) | Nil | | Nil |
| | Ceiling as per the Act | N A | | N A |

B. Remuneration to other directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|--|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | | D. N. Singh | Mahendra Lodha | S. S. Arora | R. G. Kulkarni | N. H. Ramsinghani | |
| 1 | Independent Directors | | | | | | |
| | Fee for attending board/ committee meetings | 24,000/- | 22,000/- | Nil | 18,000/- | Nil | 64,000/- |
| | Commission | Nil | Nil | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total (1) | 24,000/- | 22,000/- | Nil | 18,000/- | Nil | 64,000/- |
| 2 | Other Non-Executive Directors | | | | | | |
| | Fee for attending board committee meetings | Nil | Nil | 10,000/- | Nil | 2,000/- | 12,000/- |
| | Commission | Nil | Nil | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total (2) | Nil | Nil | 10,000/- | Nil | 2,000/- | 12,000/- |
| | Total Managerial Remuneration Total (B)=(1+2) | 24,000/- | 22,000/- | 10,000/- | 18,000/- | 2,000/- | 76,000/- |

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

| SN | Particulars of Remuneration | Key Managerial Personnel | | |
|----|---|--------------------------|----------|-----------|
| | | CS | CFO | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 14,80,387 | 9,66,667 | 24,47,054 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 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 | 14,80,387 | 9,66,667 | 24,47,054 |

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 |

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

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

| Name of Director | Category Executive, Non-executive/ Independent | Attendance at | | Membership of other Board (excluding alternate Director-ships and Private Companies) | Membership/ Chairmanship of other Board Committees | | Share-holding (No. of Shares) |
|---|--|----------------|-----------------------------|--|--|--------|-------------------------------|
| | | Board Meetings | Last Annual General Meeting | | Chairman | Member | |
| Mr. H. D. Ramsinghani Chairman & Managing Director | Promoter Executive | Three | Yes | Five | Four | One | 8 |
| Mr. S. S. Arora Director | Non Executive | Three | Yes | Nil | Nil | Nil | 65349 |
| Mr. D. N. Singh Director | Non Executive Independent | Four | No | Three | Three | Four | 1324 |
| Mr. Mahendra Lodha Director (up to 15.06.2016) | Non Executive Independent | Four | Yes | Eight | Four | Three | Nil |
| Mrs. N. H. Ramsinghani | Promoter Non Executive | One | No | Three | Nil | Nil | Nil |
| Mr. R. G. Kulkarni | Non Executive Independent | Four | No | Five | Nil | Two | Nil |
| Mr. N. R. Joshi (w e f 30.05.2016) | Non Executive Independent | N A | N A | Three | Nil | Two | Nil |

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

- During the year four Board Meetings were held on the following dates :
May 29, 2015, August 4, 2015, November 6, 2015 and February 12, 2016.
- During the year one meeting of the Independent Directors was held on February 12, 2016.

3. Code of Conduct

The Company has formulated a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the company. The declaration by the Chairman regarding compliance by the members of the Board and the Senior Management personnel with the said code of conduct is annexed hereto.

As required under the Listing Regulations and the various provisions of the Companies Act, 2013, the Company has also formulated the Risk Management Policy, Whistle Blower Policy, Policy on Related Party Transactions, Nomination and Remuneration Policy and the Code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by employees and other connected persons.

4. Committees of the Board

a) Audit Committee

Role of the Audit Committee and its terms of reference include reviewing the financial statements, overseeing the Company's Annual Report process and discussions with Auditors.

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

During the year four meetings of the Audit Committee were held on May 29, 2015, August 4, 2015, November 6, 2015 and February 12, 2016. The attendance at Audit committee meetings of each of the Directors is as under:

| Name of the Director | Attendance at Audit Committee meetings |
|--|---|
| Mr. Mahendra Lodha (up to 15.06.2016) | Four |
| Mr. D. N. Singh | Four |
| Mr. H. D. Ramsinghani | Three |
| Mr. R. G. Kulkarni | Four |
| Mr. N. R. Joshi (w e f 30.05.2016) | N A |

b) Share Transfer Committee

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

Barring certain cases pending in Courts relating to disputes over the title of shares in which the Company has been made a party, no investor complaint is pending for a period exceeding one month.

c) Nomination and Remuneration Committee

The Nomination & Remuneration Committee determines the managerial remuneration and other employment conditions of the Managing/ Whole Time Directors and Senior Management personnel (one level below the Board) and makes recommendations to the Board of Directors.

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

During the year two meetings of the Nomination & Remuneration Committee were held on May 29, 2015 and November 6, 2015.

d) Stakeholders Relationship Committee

The Stakeholders Relationship Committee specifically looks into the redressing of Shareholders and Investors complaints relating to Share transfers, non-receipt of Balance Sheet etc. The Company has appointed Mr. R. D. Jog - Company Secretary as the Compliance Officer and the investors are requested to register their complaints, if any, on the exclusive email ID: rdjog@ramagroup.co.in

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

During the year one meeting of the Stakeholders Relationship Committee was held on February 12, 2016.

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

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

5. Remuneration of Directors

(a) Managing Director

No remuneration was paid to the Managing Director during the year under review.

(b) Non-Executive Directors:

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

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

| Name of the Director | Sitting Fees (₹) |
|--|-------------------------|
| Mr. S. S. Arora | 10,000/- |
| Mr. Mahendra Lodha (up to 15.06.2016) | 22,000/- |
| Mr. D. N. Singh | 24,000/- |
| Mrs. N. H. Ramsinghani | 2,000/- |
| Mr. R. G. Kulkarni | 18,000/- |
| Mr. N. R. Joshi (w e f 30.05.2016) | Nil |
| TOTAL | 76,000/- |

6. General Body Meetings

| Financial Year | Date | Time | Location |
|-----------------------|-------------|-------------|---|
| 2012-2013 | 13/09/2013 | 10.00 A.M | Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506 |
| 2013-2014 | 19/09/2014 | 10.00 A.M | Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506 |
| 2014-2015 | 23/09/2015 | 10.00 A.M | Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506 |

7 Postal Ballot/Special Resolutions

No Resolutions were required to be approved through Postal Ballot at the last Annual General Meeting or during the year under review nor is any resolution proposed for passing through Postal Ballot at the ensuing Annual General Meeting.

Special Resolutions passed in the previous Three Annual General Meetings.

| Date | Particulars |
|-------------|---|
| 13.09.2013 | No Special Resolutions were passed. |
| 19.09.2014 | Resolution pursuant to the provisions of Section 180(1)(c) Resolution pursuant to the provisions of Section 180(1)(a) Resolution pursuant to the provisions of Section 14 |
| 23/09/2015 | Reappointment of Mr. H. D. Ramsinghani as Managing Director. |

8 Disclosures

- a) The Company is in compliance with all mandatory requirements of the Listing Regulations as on the date of this Report
- b) All transactions entered in to with Related Parties as defined under the Companies Act, 2013 and the Listing Regulations during the financial year were in the ordinary course of business and on arms length basis.
- c) There were no transactions of material nature with the Directors or the Key Managerial Personnel or their relatives during the financial year which could have potential conflict with the interests of the Company at large. Transactions with related parties as per requirements of Accounting Standard – 18 are disclosed elsewhere in the Annual Report. None of these transactions have potential conflict with interest of the Company at large.
- d) No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.
- e) The Company has formulated a Whistle Blower Policy under which all personnel have access to the Audit Committee and no personnel has been denied access to the audit Committee during the year under review.
- f) In the preparation of the financial statements, the Company has followed Accounting Standards referred to in Section 133 of the Companies Act,2013. The significant Accounting policies which are consistently applied are set out in the Notes to the financial statements.
- g) Adoption of non mandatory requirements of the Listing Regulations is reviewed by the Board from time to time.

9. Means of communication

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

10. General Shareholder Information:

| | |
|---|---|
| Financial Year | : 31 st March, 2016 |
| Annual General Meeting | : September 23, 2016 at 10.00 a.m. At Village Chaundheri, P O Dappar, Tehsil Derabassi, Dist Mohali, Punjab 140 506. |
| Dates of Book Closure | : September 16, 2016 to September 23, 2016 (both days inclusive) |
| Dividend payment date | : Not Applicable |
| Listing on Stock Exchange | : Bombay Stock Exchange Ltd. |
| Stock Code | : 532441 (BSE) |
| International Securities Identification Number allotted By NSDL | : INE820D01025 |

The Company has paid listing fees to the Bombay Stock Exchange for the period up to March 31, 2017.

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

| Month | High | Low |
|----------------|------|------|
| April 2015 | 3.58 | 2.55 |
| May 2015 | 3.59 | 2.67 |
| June 2015 | 4.03 | 2.76 |
| July 2015 | 6.23 | 3.63 |
| August 2015 | 8.60 | 6.41 |
| September 2015 | 6.56 | 5.10 |
| October 2015 | 5.00 | 3.87 |
| November 2015 | 5.38 | 3.94 |
| December 2015 | 6.99 | 5.64 |
| January 2016 | 9.08 | 5.76 |
| February 2016 | 7.23 | 5.94 |
| March 2016 | 6.82 | 3.99 |

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

12. Registrars & Transfer Agent

Link Intime India Private Limited
 C - 13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup (West)
 Mumbai 400078
 Tel : 25963838; Fax : 25946969
 Email : rnt.helpdesk@linkintime.co.in

13. Share Transfer System

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

14. Distribution of Equity Shareholding as of March 31, 2016:

| Number of Equity Share Holdings | Number of Shareholders | Percentage of Shareholders | Number of Shares | Percentage of Shareholding |
|---------------------------------|------------------------|----------------------------|------------------|----------------------------|
| 1 – 500 | 14379 | 96.76 | 1066996 | 8.03 |
| 501 – 1000 | 221 | 1.49 | 167123 | 1.26 |
| 1001 – 2000 | 98 | 0.66 | 144189 | 1.09 |
| 2001 – 3000 | 35 | 0.23 | 85445 | 0.64 |
| 3001 – 4000 | 25 | 0.18 | 89469 | 0.67 |
| 4001 – 5000 | 29 | 0.19 | 140090 | 1.05 |
| 5001 – 10000 | 29 | 0.19 | 206600 | 1.56 |
| 10001 & above | 44 | 0.30 | 11383831 | 85.70 |
| Total | 14860 | 100 | 13283743 | |

15. Shareholders' Profile as on March 31, 2016:

| Category of Shareholders | No. of Shares held | % to Total Capital |
|----------------------------------|--------------------|--------------------|
| Promoters | 9433257 | 71.01 |
| Non Promoter Shareholding | | |
| Foreign Collaborators | Nil | N A |
| Banks | 623880 | 4.70 |
| Financial Institutions | 280 | 0.00 |
| Foreign Institutional Investors | Nil | N A |
| Mutual Funds | 280 | 0.00 |
| Domestic Companies | 300290 | 2.26 |
| Non-Domestic Companies | Nil | N A |
| Non-Resident Indians | 27107 | 0.20 |
| General Public | 2898649 | 21.83 |
| Total | 13283743 | 100.00 |

16. Dematerialization of shares as on March 31, 2016:

95.05% of the Company's total share capital representing 12626347 Equity shares are held in dematerialized form.

17. Plant Location :

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

18. Address for Correspondence:

Shareholders should address all correspondence to the Corporate office of the Company at 51/52, Free Press House, Nariman Point, Mumbai 400 021 or to the Registrar and Transfer Agent – Link Intime India Private Limited at C – 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

19 Other matters :

- Since the Financial results are published in leading news papers as well as displayed on Company's website, half yearly financial results including summary of significant events in the past six months are presently not being sent to the Shareholders.
- There is no formal policy at present for training of the Board members as all the Board members are eminent and experienced professionals.
- There is no formal mechanism at present for evaluation of non-executive Directors.

20. Appointment / Reappointment of Directors:

Mrs. N. H. Ramsinghani is proposed to be reappointed at the forthcoming Annual General Meeting. Mr. N. R. Joshi is proposed to be appointed as an Independent Director at the forthcoming Annual General Meeting. The relevant information about the said Directors is given in the Notice convening the Annual General Meeting.

For and on behalf of the Board

Place : Mumbai
Dated : August 11, 2016

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR
DIN : 00035416

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, 2016.

Place : Mumbai
Dated : August 11, 2016

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR
DIN : 00035416

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 2016, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

Based on the representation received from Company's Share Transfer Agents, we state that complaint letters received from shareholders during the period 01/04/2015 to 31/03/2016 have been attended.

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

For **Dayal and Lohia**
Chartered Accountants
Firm Reg. No. 102200W

(Rinkit K. Uchat)
Partner
Membership No: 165557

Place : Mumbai.
Date : August 11, 2016

INDEPENDENT AUDITOR'S REPORT

To,

The Members of Rainbow Denim Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Rainbow Denim Limited** (“the company”), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Management is responsible for the matters in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 33 of the accompanying financial statements in respect of Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143 (11) of the Companies Act, 2013, we give in the "**Annexure A**"- a statement on the matters specified in the paragraph 3 & 4 of said order.

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

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. the Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2016 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. To our best of information and according to the explanations given to us:
 - i) The Company did not have any long term contracts including derivatives contract for which there were any material foreseeable losses.
 - ii) The Company did not have any pending litigations which would have impact its financial position in its financial statements.
 - iii) There were no amounts which were required to be transferred to Investor Education & Protection Fund by the Company.

For **Dayal and Lohia**
Chartered Accountants
Firm Regn. No. 102200W

Rinkit K. Uchat
(Partner)
Memb. No : 165557

Place : Mumbai
Date : 30th May 2016

“ANNEXURE A” TO THE INDEPENDENT AUDITORS REPORT

The annexure referred to our Report of even date to the members of **Rainbow Denim Limited** on the financial statements for the year ended 31st March 2016. We report that:

1. In respect of its Fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets on the basis of available information;
 - b) Management has certified that they have carried out physical verification of fixed assets and no material discrepancy was noticed on such verification.
 - c) The title deeds of immovable properties are held in the name of company.
2. According to the information and explanations given to us, the inventories have been physically verified at reasonable intervals by the management during the year and no material discrepancies have been noticed.
3. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to any companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly sub clause (a) ,(b) and (c) are not applicable.
4. The Provisions of Section 185 and 186 are not applicable as company has not given any loan, guarantees, Investment & security. Accordingly paragraph 3(iv) of the Order is not applicable.
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, 2016, 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, we are of the opinion that the company have restructured all previous defaulted loans including interest and L.C. devolvement with securitization companies and there are no defaults in repayment as per the agreed rescheduled payment terms with the securitization companies on respective due dates.
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 the Section 197 read with Schedule V of the companies Act, 2013.
12. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.

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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 Dayal and Lohia
Chartered Accountants
Firm Regn. No. 102200W

Rinkit K. Uchat
(Partner)
Memb. No : 165557

Place : Mumbai
Date : 30th May 2016

“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, 2016 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, 2016, 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 Dayal and Lohia
Chartered Accountants
Firm Regn. No. 102200W

Rinkit K. Uchat
(Partner)
Memb. No : 165557

Place : Mumbai
Date : 30th May 2016

BALANCE SHEET AS AT MARCH 31, 2016

(Amount in ₹)

| Particulars | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|--|----------|-----------------------------|---------------------------|
| EQUITY AND LIABILITIES : | | | |
| Shareholders' Funds : | | | |
| Share Capital | 2 | 132,837,430 | 132,837,430 |
| Reserves and Surplus | 3 | <u>(1,264,093,895)</u> | <u>(1,166,823,472)</u> |
| | | <u>(1,131,256,465)</u> | <u>(1,033,986,042)</u> |
| Non-current Liabilities : | | | |
| Long Term Borrowings | 4 | 1,446,375,612 | 1,102,076,086 |
| Other Long Term Liabilities | 5 | 471,246 | 401,355 |
| | | <u>1,446,846,858</u> | <u>1,102,477,441</u> |
| Current Liabilities : | | | |
| Short Term Borrowings | 6 | 39,634,260 | 224,411,577 |
| Trade Payables | 7 | 443,754,122 | 305,681,532 |
| Other Current Liabilities | 8 | 220,899,447 | 327,788,711 |
| Short Term Provisions | 9 | 2,658,208 | 1,410,413 |
| | | <u>706,946,037</u> | <u>859,292,233</u> |
| TOTAL | | <u>1,022,536,430</u> | <u>927,783,632</u> |
| ASSETS : | | | |
| Non-current Assets : | | | |
| Fixed Assets : | 10 | | |
| Tangible Assets | | 348,746,444 | 385,709,503 |
| Intangible Assets | | 3,585,688 | 21,932 |
| Capital Work-in-Progress | | - | - |
| | | <u>352,332,132</u> | <u>385,731,435</u> |
| Non-current Investments | 11 | 282,250 | 437,554 |
| Long-term Loans and Advances | 12 | 25,555,033 | 23,628,584 |
| Other Non-current Assets | 13 | 517,127 | 1,744,455 |
| Current Assets : | | | |
| Inventories | 14 | 211,615,774 | 170,594,145 |
| Trade Receivables | 15 | 335,869,172 | 309,552,602 |
| Cash and Cash Equivalents | 16 | 7,852,852 | 6,662,341 |
| Short Term Loans and Advances | 17 | 88,512,090 | 29,432,516 |
| | | <u>643,849,888</u> | <u>516,241,604</u> |
| TOTAL | | <u>1,022,536,430</u> | <u>927,783,632</u> |
| Significant Accounting Policies | 1 | | |

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

As per our report of even date attached
for Dayal and Lohia,
Chartered Accountants
Firm Registration Number : 102200W

For and on behalf of the Board of Directors,

Rinkit K. Uchat
Partner
Membership Number : 165557

R. D. Jog
Company Secretary

S. S. Arora
CFO

D. N. Singh
Director
DIN - 00021741

H. D. Ramsinghani
Chairman and
Managing Director
DIN - 00035416

Place : Mumbai
Date : May 30, 2016

Place : Mumbai
Date : May 30, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

| Particulars | Note No. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|----------|--------------------------------------|--------------------------------------|
| REVENUE : | | | |
| Revenue from Operations : | | | |
| Sale of Finished Goods | 18 | 2,208,040,244 | 1,672,654,017 |
| Less : Excise Duty | | - | - |
| Net Sale of Products | | 2,208,040,244 | 1,672,654,017 |
| Other Operating Revenues | 19 | 12,268,996 | 13,424,421 |
| Net Revenue from Operations | | 2,220,309,240 | 1,686,078,438 |
| Other Income | 20 | 1,645,419 | 6,029,127 |
| TOTAL REVENUE | | 2,221,954,659 | 1,692,107,565 |
| EXPENSES : | | | |
| Cost of Materials Consumed | 21 | 1,326,618,109 | 1,011,161,811 |
| Changes in Inventories of Finished Goods and Work-in-progress - Decrease / (Increase) | 22 | (35,736,982) | 9,583,703 |
| Employee Benefits Expense | 23 | 167,784,181 | 131,550,727 |
| Finance Costs | 24 | 64,999,546 | 106,404,959 |
| Depreciation | 10 & 3 | 45,090,901 | 111,205,730 |
| Other Expenses | 25 | 750,464,139 | 517,423,295 |
| TOTAL EXPENSES | | 2,319,219,894 | 1,887,330,225 |
| Profit / (Loss) Before Tax | | (97,265,235) | (195,222,660) |
| Tax Expense | | - | - |
| PROFIT / (LOSS) FOR THE YEAR | | (97,265,235) | (195,222,660) |
| Earning per Equity Share of Face Value of ₹ 10.00 each | 26 | | |
| Before Extraordinary items : | | | |
| - Basic | | (7.32) | (14.70) |
| - Diluted | | (7.32) | (14.70) |
| After Extraordinary items : | | | |
| - Basic | | (7.32) | (14.70) |
| - Diluted | | (7.32) | (14.70) |

Significant Accounting Policies 1

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

As per our report of even date attached
for Dayal and Lohia,
Chartered Accountants
Firm Registration Number : 102200W

For and on behalf of the Board of Directors,

Rinkit K. Uchat
Partner
Membership Number : 165557

R. D. Jog
Company Secretary

S. S. Arora
CFO

D. N. Singh
Director
DIN - 00021741

H. D. Ramsinghani
Chairman and
Managing Director
DIN - 00035416

Place : Mumbai
Date : May 30, 2016

Place : Mumbai
Date : May 30, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit / (Loss) Before Tax | (97,265,235) | (195,222,660) |
| Adjustments for : | | |
| Depreciation | 45,090,901 | 111,205,730 |
| Loss / (Profit) on Sale/Disposal of Assets | 23,978 | - |
| Interest Accrued | 64,999,546 | 106,404,959 |
| Waiver of Interest | (51,215) | - |
| Interest Income | (404,410) | (4,568,959) |
| Dividend Income | (5,177) | (6,327) |
| Wealth Tax | - | 4,020 |
| Loss/(Gain) on Foreign Exchange Fluctuations | (557,292) | (874,460) |
| | <u>109,096,331</u> | <u>212,164,963</u> |
| Operating Profit Before Working Capital Changes | 11,831,096 | 16,942,303 |
| Adjustments for : | | |
| (Increase) / Decrease in Inventories | (41,021,629) | (10,918,744) |
| (Increase) / Decrease in Trade and Other Receivables | (86,765,301) | (100,536,769) |
| Increase / (Decrease) in Trade and Other Payables | 145,489,694 | 93,377,913 |
| | <u>17,702,764</u> | <u>(18,077,600)</u> |
| NET CASH FROM / (USED IN) OPERATING ACTIVITIES | 29,533,860 | (1,135,297) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets (Including Capital Advances) | (11,775,264) | (867,260) |
| Sale of Fixed Assets | 54,500 | - |
| Interest Income | 404,410 | 4,568,959 |
| Sale of Investments | 155,304 | - |
| (Increase) / Decrease in Non Current Assets | 1,227,328 | (598,120) |
| Dividend Income | 5,177 | 6,327 |
| NET CASH FROM / (USED IN) INVESTING ACTIVITIES | (9,928,545) | 3,109,906 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Increase / (Decrease) in Long Term Borrowings (Net) | 15,074,445 | (11,086,746) |
| Increase / (Decrease) in Short Term Borrowings (Net) | (12,235,678) | 30,112,381 |
| Interest Paid | (21,253,571) | (29,208,985) |
| NET CASH FROM / (USED IN) FINANCING ACTIVITIES | (18,414,804) | (10,183,350) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C) | 1,190,511 | (8,208,741) |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS | 6,662,341 | 14,871,082 |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | 7,852,852 | 6,662,341 |

Note :

- All figures in bracket are outflow.
- The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement' notified by the Central Government of India.

**As per our report of even date attached
for Dayal and Lohia,
Chartered Accountants
Firm Registration Number : 102200W**

For and on behalf of the Board of Directors,

**Rinkit K. Uchat
Partner
Membership Number : 165557**

**R. D. Jog
Company Secretary**

**S. S. Arora
CFO**

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

**H. D. Ramsinghani
Chairman and
Managing Director
DIN - 00035416**

**Place : Mumbai
Date : May 30, 2016**

**Place : Mumbai
Date : May 30, 2016**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES :

A. Basis of preparation of Financial Statements :

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles ('GAAP') in compliance with the provisions of Companies Act, 2013 (the 'Act') including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India are also considered, wherever applicable.

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Cash Flow Statement has been prepared and presented as per requirements of the Accounting Standard (AS) 3 Cash Flow Statements. The disclosure requirements with respect to items in the Balance Sheet and the Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

B. Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

C. 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. Fixed Assets :

- a. Fixed Assets are stated at cost of acquisition, inclusive of freight, duties, taxes and incidental expenses related to acquisition. 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.
- b. 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.
- c. Adjustments arising from foreign exchange variation, attributable to Fixed Assets, are capitalized.

E. 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.

F. Excise and Custom Duty :

- a. Excise duty, if applicable, is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouse.

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

G. 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.

H. Investments :

Long Term Investments are stated at cost after deducting provision, if any, made for permanent diminution in the value of investment.

I. Employee Benefits :

a. Short Term Employee Benefits :

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

b. Post Employment Benefits :

Defined Benefit Plans : The Employee Gratuity Fund Scheme and Government Provident Fund Scheme are funded defined benefit schemes. Employee Gratuity Fund Scheme is covered by Group Insurance Scheme of Life Insurance Corporation of India and Provident Fund Scheme is provided on accrual basis.

c. Long Term Employee Benefits :

The obligation for long term employee benefit such as long term compensated absence is funded benefit which is covered by Group Insurance Scheme of Life Insurance Corporation of India.

J. Valuation of 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. Borrowing Cost :

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. All other borrowing costs are charged to revenue.

L. Provision for current and deferred tax :

- a. Provision for the current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.
- b. Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each Balance Sheet date and is written-down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

M. Impairment of 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 assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the assets belongs 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 an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

N. Provisions and Contingent Liabilities :

The company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may require an outflow of resources. Contingent assets are neither recognized nor disclosed.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

2. SHARE CAPITAL

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Number of Shares | ₹ | Number of Shares | ₹ |
| AUTHORISED : | | | | |
| Equity Shares of ₹ 10.00 each | <u>27,000,000</u> | <u>270,000,000</u> | <u>27,000,000</u> | <u>270,000,000</u> |
| | <u>27,000,000</u> | <u>270,000,000</u> | <u>27,000,000</u> | <u>270,000,000</u> |
| ISSUED, SUBSCRIBED AND FULLY PAID-UP : | | | | |
| Equity Shares of ₹ 10.00 each fully paid-up | <u>13,283,743</u> | <u>132,837,430</u> | <u>13,283,743</u> | <u>132,837,430</u> |
| TOTAL | <u>13,283,743</u> | <u>132,837,430</u> | <u>13,283,743</u> | <u>132,837,430</u> |

2.1 Details of Shareholders holding more than 5% Shares :

| | Number of Shares | % of holding | Number of Shares | % of holding |
|------------------------------------|------------------|--------------|------------------|--------------|
| a. Rainbow Agri Industries Limited | 6,000,000 | 45.17 | 6,000,000 | 45.17 |
| b. Indo-US Investments INC. | 2,517,435 | 18.95 | 2,517,435 | 18.95 |

2.2 Reconciliation of number of shares outstanding is set out below :

| | | | |
|--|------------|--|------------|
| Equity Shares outstanding at the beginning of the year | 13,283,743 | | 13,283,743 |
| Add : Shares issued during the year | - | | - |
| Less : Shares cancelled during the year | - | | - |
| Equity Shares outstanding at the end of the year | 13,283,743 | | 13,283,743 |

2.3 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.

3. RESERVES AND SURPLUS :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|--|---------------------------|---------------------------|
| Capital Reserve : | | |
| Balance as per last financial statements | 91,186,624 | 115,257,780 |
| Adjustment for Depreciation [Refer Note 31] | (5,188) | (24,071,156) |
| Balance at the end of the year | <u>91,181,436</u> | <u>91,186,624</u> |
| Share Premium Account : | | |
| Balance as per last financial statements | 49,364,092 | 49,364,092 |
| Interest Subsidy : | | |
| Balance as per last financial statements | 636,003 | 4,491,341 |
| Adjustment for Depreciation [Refer Note 31] | - | (3,855,338) |
| Balance at the end of the year | <u>636,003</u> | <u>636,003</u> |
| Surplus / (Deficit) in Statement of Profit and Loss : | | |
| Balance as per last financial statements | (1,308,010,191) | (711,561,758) |
| Adjustment for Depreciation [Refer Note 31] | - | (401,225,773) |
| Net Profit/(Net Loss) for the year | <u>(97,265,235)</u> | <u>(195,222,660)</u> |
| Balance at the end of the year | <u>(1,405,275,426)</u> | <u>(1,308,010,191)</u> |
| TOTAL RESERVES AND SURPLUS | <u>(1,264,093,895)</u> | <u>(1,166,823,472)</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

4. LONG TERM BORROWINGS :

| Particulars | As at March 31, 2016 ₹ | | As at March 31, 2015 ₹ | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|
| | Non-current | Current Maturities | Non-current | Current Maturities |
| Secured : | | | | |
| Term Loan from Bank [Refer Note 4.1] | 4,288,000 | - | 523,288,622 | 1,112,720 |
| Other Loans [Refer Note 4.2] | 1,441,430,631 | 191,582,000 | 578,787,464 | 183,086,242 |
| Against Hire Purchase of Vehicles [Refer Note 4.3] | 656,981 | 370,490 | - | 316,306 |
| Sub-total | 1,446,375,612 | 191,952,490 | 1,102,076,086 | 184,515,268 |
| Less : Disclosed under Other Current Liabilities [Refer Note 8] | | (191,952,490) | | (184,515,268) |
| Total Secured Long Term Borrowings | 1,446,375,612 | - | 1,102,076,086 | - |
| TOTAL LONG TERM BORROWINGS | 1,446,375,612 | 191,952,490 | 1,102,076,086 | 184,515,268 |

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

| Year / Rate of Interest per annum | 0.00% |
|-----------------------------------|-----------|
| 2017-18 | - |
| 2018-19 | - |
| 2019-20 | - |
| 2020-21 | 1,008,941 |
| 2021-22 | 1,008,941 |
| 2022-23 | 1,008,941 |
| 2023-24 | 1,008,941 |
| 2024-25 | 252,236 |

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

- 4.2** *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% |
|-----------------------------------|-------------|
| 2017-18 | 115,666,000 |
| 2018-19 | 143,675,000 |
| 2019-20 | 419,525,000 |
| 2020-21 | 747,725,167 |
| 2021-22 | 14,839,464 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The Company has defaulted in payment of Principal and Interest of ₹ Nil (Previous Year - ₹ 24,47,86,116)

Loan from Dhawalgiri Properties Private Limited is repayable in single installment on September 30, 2016 and carries interest @ 18% p.a. (Previous Year @ 9% p.a.). The loan is secured by equitable mortgage over Office Premises of the Company and personal guarantees of erstwhile Directors of the Company.

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

5. OTHER LONG TERM LIABILITIES :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|--|------------------------------|------------------------------|
| Security Deposits | 471,246 | 401,355 |
| TOTAL OTHER LONG TERM LIABILITIES | 471,246 | 401,355 |

6. SHORT TERM BORROWINGS :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|--|------------------------------|------------------------------|
| Secured : | | |
| Working Capital Loans from Banks | 4,634,260 | 189,411,577 |
| <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 Short Term Borrowings | 4,634,260 | 189,411,577 |
| Unsecured : | | |
| Loans and Advances from Others | 35,000,000 | 35,000,000 |
| Total Unsecured Short Term Borrowings | 35,000,000 | 35,000,000 |
| TOTAL SHORT TERM BORROWINGS | 39,634,260 | 224,411,577 |

6.1 *Working Capital Loans from Banks include Devolved Letters of Credits issued by them. Interest is accounted as per banking norms.* - 39,624,491

6.1 *Rate of interest on Working Capital Loans from Banks, except Devolved Letters of Credits, are set out below :*

| | |
|-------------------------------------|------------------|
| <i>- Rate of Interest per annum</i> | 9.00% |
| <i>- Amount Outstanding</i> | 4,634,260 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

7. TRADE PAYABLES :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|--|------------------------------|------------------------------|
| Total outstanding dues of Micro and Small Enterprises | - | - |
| Total outstanding dues of creditors other than Micro and Small Enterprises | <u>443,754,122</u> | <u>305,681,532</u> |
| TOTAL TRADE PAYABLES | <u>443,754,122</u> | <u>305,681,532</u> |

7.1 *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.*

8. OTHER CURRENT LIABILITIES :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|--|------------------------------|------------------------------|
| Current Maturities of Long Term Debts [Refer Note 4] | 191,952,490 | 184,515,268 |
| Interest Accrued But Not Due on Borrowings | 706,807 | 1,689,917 |
| Interest Accrued and Due on Borrowings | - | 119,442,794 |
| Advances from Customers | 303,433 | 251,933 |
| Statutory Dues | 3,680,377 | 3,152,810 |
| Employee Dues | 16,156,340 | 10,635,989 |
| Other Liabilities | <u>8,100,000</u> | <u>8,100,000</u> |
| TOTAL OTHER CURRENT LIABILITIES | <u>220,899,447</u> | <u>327,788,711</u> |

9. SHORT TERM PROVISIONS :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|---|------------------------------|------------------------------|
| Provision for Employee Benefits [Refer Note 23] | <u>2,658,208</u> | <u>1,410,413</u> |
| TOTAL SHORT TERM PROVISIONS | <u>2,658,208</u> | <u>1,410,413</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

10. FIXED ASSETS [Refer Note 31]

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|--|--|---------------------------|---|----------------------|--------------------|---|----------------------|----------------------|
| | As at April 01, 2015 | Additions during the year | (Deductions)/ Adjustments during the year | As at March 31, 2016 | For the year | (Deductions)/ Adjustments during the year | As at March 31, 2016 | As at March 31, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| a. Tangible Assets : | | | | | | | | |
| Freehold Land (including site development) | 30,755,142 | - | - | 30,755,142 | - | - | 30,755,142 | 30,755,142 |
| Buildings | 351,410,536 | - | - | 351,410,536 | 9,931,974 | - | 186,601,649 | 196,533,623 |
| Plant and Machinery | 1,592,504,151 | 3,378,123 | - | 1,595,882,274 | 31,365,456 | - | 124,507,440 | 152,494,773 |
| Furniture and Fixtures | 10,017,759 | 20,020 | (6,650) | 10,031,109 | 1,236,027 | (4,802) | 929,861 | 2,147,716 |
| Vehicles | 8,265,343 | 3,465,708 | (584,000) | 11,147,051 | 750,443 | (512,647) | 5,104,526 | 2,440,614 |
| Computers and Peripherals | 8,332,427 | 66,000 | (105,534) | 8,292,893 | 392,548 | (100,257) | 601,732 | 933,557 |
| Office and Other Equipments | 2,704,264 | 46,480 | - | 2,750,744 | 204,464 | - | 246,094 | 404,078 |
| TOTAL | 2,003,989,602 | 6,976,331 | (696,184) | 2,010,269,749 | 43,860,912 | (617,706) | 348,746,444 | 385,709,503 |
| b. Intangible Assets : | | | | | | | | |
| Computer Software | 442,589 | 4,798,933 | - | 5,241,522 | 1,235,177 | - | 3,585,688 | 21,932 |
| TOTAL | 442,589 | 4,798,933 | - | 5,241,522 | 1,235,177 | - | 3,585,688 | 21,932 |
| Current Year | 2,004,432,191 | 11,775,264 | (696,184) | 2,015,511,271 | 45,096,089 | (617,706) | 352,332,132 | 385,731,435 |
| Previous Year | 2,003,669,714 | 762,477 | - | 2,004,432,191 | 111,210,904 | 429,147,093 | 385,731,435 | 925,326,955 |
| Capital Work-in-progress | | | | | | | - | - |
| | | | | | | | | 1,772,050 |
| 10.1 | Gross Block of Vehicles include cost of vehicle acquired on Hire Purchase basis. | | | | | | | |
| | | | | | | | 2,950,874 | 1,772,050 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

11. NON-CURRENT INVESTMENTS (At Cost) :

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|--|----------------------|----------------|----------------------|----------------|
| | Number of Shares | ₹ | Number of Shares | ₹ |
| Investments in Equity Shares (Trade) : | | | | |
| Unquoted : | | | | |
| Equity Shares of ₹ 10.00 each in Nimbua Greenfield (Punjab) Limited fully paid up. | 28,125 | <u>281,250</u> | 28,125 | <u>281,250</u> |
| Sub-total | | <u>281,250</u> | | <u>281,250</u> |
| Investments in Equity Shares (other than trade) : | | | | |
| Quoted : | | | | |
| Equity Shares of ₹ 10.00 each in Dena Bank fully paid up. | - | - | 5,752 | 155,304 |
| Unquoted (Related Party) : | | | | |
| Equity Shares of ₹ 10.00 each in Rama Industries Limited fully paid up. | 43,440 | 434,400 | 43,440 | 434,400 |
| Less : Provision for diminution in value of Investments | | <u>433,400</u> | | <u>433,400</u> |
| | | <u>1,000</u> | | <u>1,000</u> |
| Sub-total | | <u>1,000</u> | | <u>156,304</u> |
| TOTAL NON-CURRENT INVESTMENTS | | <u>282,250</u> | | <u>437,554</u> |
| Aggregate value of quoted Investments : | | | | |
| At Cost price | | - | | 155,304 |
| At Market price | | - | | 292,202 |
| Aggregate value of unquoted Investments : | | | | |
| At Cost price | 715,650 | | | 715,650 |

12. LONG TERM LOANS AND ADVANCES :

[Unsecured, considered good unless otherwise stated]

| Particulars | As at | As at |
|---|-------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| | ₹ | ₹ |
| Prepaid Expenses | 12,886 | 24,121 |
| Security Deposits | 25,295,195 | 22,895,386 |
| Taxes Paid and Refund Receivable | <u>246,952</u> | <u>709,077</u> |
| TOTAL LONG TERM LOANS AND ADVANCES | <u>25,555,033</u> | <u>23,628,584</u> |

13. OTHER NON-CURRENT ASSETS :

| Particulars | As at | As at |
|---|----------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | ₹ | ₹ |
| Balances with Banks : | | |
| in Deposit Accounts against Margin Money with more than 12 months maturity. [Refer Note 16] | 500,000 | 1,600,000 |
| Interest Receivable | <u>17,127</u> | <u>144,455</u> |
| TOTAL OTHER NON-CURRENT ASSETS | <u>517,127</u> | <u>1,744,455</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

14. INVENTORIES :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|---|------------------------------|------------------------------|
| Raw Materials | 51,970,707 | 49,013,854 |
| Work-in-progress | 100,419,520 | 75,755,813 |
| Finished Goods | 33,435,513 | 22,364,317 |
| Colours, Dyes and Chemicals | 11,970,286 | 8,007,292 |
| Stores, Packing Materials and Consumables | 13,739,854 | 15,375,054 |
| Waste and Scrap | 79,894 | 77,815 |
| TOTAL INVENTORIES | 211,615,774 | 170,594,145 |

14.1 *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.*

14.2 *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.*

14.3 *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.*

14.4 *Stock of Waste and Scrap is valued at estimated net realizable value.*

15. TRADE RECEIVABLES :

[Unsecured]

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|---|------------------------------|------------------------------|
| Considered good : | | |
| Outstanding for a period less than six months | 335,002,680 | 306,905,449 |
| Outstanding for a period exceeding six months | 866,492 | 2,647,153 |
| Considered doubtful : | | |
| Outstanding for a period exceeding six months | 3,770,724 | 3,770,724 |
| | 339,639,896 | 313,323,326 |
| Less : Provision for Doubtful Debts | (3,770,724) | (3,770,724) |
| TOTAL TRADE RECEIVABLES | 335,869,172 | 309,552,602 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

16. CASH AND CASH EQUIVALENTS :

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|--|------------------------------|------------------------------|
| Balances with Banks : | | |
| in Current Accounts | 3,976,181 | 4,148,879 |
| in Deposit Accounts against Margin Money | | |
| - Maturity upto 12 months | 1,600,000 | 100,000 |
| - Maturity above 12 months | 500,000 | 1,600,000 |
| | <u>2,100,000</u> | <u>1,700,000</u> |
| Less : Amount disclosed under other Non-current Assets [Refer Note 13] | (500,000) | (1,600,000) |
| | <u>1,600,000</u> | <u>100,000</u> |
| Cash Balance on Hand | <u>2,276,671</u> | <u>2,413,462</u> |
| TOTAL CASH AND CASH EQUIVALENTS | <u><u>7,852,852</u></u> | <u><u>6,662,341</u></u> |

17. SHORT TERM LOANS AND ADVANCES :

[Unsecured, considered good]

| Particulars | As at March 31, 2016 ₹ | As at March 31, 2015 ₹ |
|---|------------------------------|------------------------------|
| Advances recoverable in cash or in kind or for value to be received : | | |
| Advances for Supply of Goods and Services | 83,603,400 | 13,606,036 |
| Export Incentives Receivables | 2,331,217 | 4,489,038 |
| Prepaid Expenses | 1,034,172 | 815,514 |
| Balance with Government Authorities | 2,365 | 68,235 |
| Other Loans and Advances | 1,540,936 | 10,453,693 |
| TOTAL SHORT TERM LOANS AND ADVANCES | <u><u>88,512,090</u></u> | <u><u>29,432,516</u></u> |

17.1 *Advances recoverable in cash or in kind includes given to related party.* 80,829,903 10,257,105

18. SALE OF FINISHED GOODS :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|-------------------------------|---|---|
| Sale of Denim Fabric | 2,208,040,244 | 1,672,654,017 |
| TOTAL SALE OF PRODUCTS | <u><u>2,208,040,244</u></u> | <u><u>1,672,654,017</u></u> |

18.1 EARNING IN FOREIGN CURRENCY :

| | | |
|----------------------|------------|------------|
| FOB Value of Exports | 18,521,763 | 35,116,286 |
|----------------------|------------|------------|

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

19. OTHER OPERATING REVENUES :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|---------------------------------------|---|---|
| Sale of Waste and Other Materials | 11,638,954 | 10,364,162 |
| Export Incentives | 630,042 | 3,060,259 |
| TOTAL OTHER OPERATING REVENUES | 12,268,996 | 13,424,421 |

20. OTHER INCOME :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|---|---|---|
| Gain on Foreign Exchange Fluctuations (Net) | 557,292 | 874,460 |
| Interest Income | 404,410 | 4,568,959 |
| Dividend Income | 5,177 | 6,327 |
| Miscellaneous Income | 678,540 | 579,381 |
| TOTAL OTHER INCOME | 1,645,419 | 6,029,127 |

21. COST OF MATERIALS CONSUMED :

| Particulars | For the year ended March 31, 2016 % of Consumption ₹ | For the year ended March 31, 2015 % of Consumption ₹ |
|---------------------------------|--|--|
| Opening Stock | 49,013,854 | 17,523,269 |
| Add : Purchases | 1,329,574,962 | 1,042,652,396 |
| | 1,378,588,816 | 1,060,175,665 |
| Less : Closing Stock | 51,970,707 | 49,013,854 |
| TOTAL MATERIALS CONSUMED | 1,326,618,109 | 1,011,161,811 |

21.1 Particulars of Raw Materials Consumed :

| | | |
|--------------|----------------------|----------------------|
| Cotton | 487,125,262 | 519,289,295 |
| Yarn | 839,492,847 | 491,872,516 |
| Total | 1,326,618,109 | 1,011,161,811 |

21.2 Particulars of Raw Materials Consumed :

| | | | | |
|--------------|---------------|----------------------|---------------|----------------------|
| Imported | Nil | Nil | Nil | Nil |
| Indigenous | 100.00 | 1,326,618,109 | 100.00 | 1,011,161,811 |
| Total | 100.00 | 1,326,618,109 | 100.00 | 1,011,161,811 |

21.3 Value of Imports on CIF basis

Nil Nil

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|--|---|---|
| Finished Goods : | | |
| Closing Stocks | 33,435,513 | 22,364,317 |
| Opening Stocks | <u>22,364,317</u> | <u>59,207,537</u> |
| Decrease / (Increase) in Finished Goods | <u>(11,071,196)</u> | <u>36,843,220</u> |
| Work-in-progress : | | |
| Closing Stocks | 100,419,520 | 75,755,813 |
| Opening Stocks | <u>75,755,813</u> | <u>48,434,553</u> |
| Decrease / (Increase) in Work-in-progress | <u>(24,663,707)</u> | <u>(27,321,260)</u> |
| Waste : | | |
| Closing Stocks | 79,894 | 77,815 |
| Opening Stocks | <u>77,815</u> | <u>139,558</u> |
| Decrease / (Increase) in Waste | <u>(2,079)</u> | <u>61,743</u> |
| DECREASE / (INCREASE) IN INVENTORIES | (35,736,982) | 9,583,703 |

23. EMPLOYEE BENEFITS EXPENSE :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|--|---|---|
| Salary and Wages (Including Contractual Workmen) | 148,737,547 | 116,727,449 |
| Contribution to Provident Fund and Other Funds | 16,977,072 | 13,836,141 |
| Staff Welfare Expenses | <u>2,069,562</u> | <u>987,137</u> |
| TOTAL EMPLOYEE BENEFITS EXPENSE | <u>167,784,181</u> | <u>131,550,727</u> |

23.1 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.

23.2 Consequent to the adoption of Accounting Standard 15 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, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|------------------------------|---|---|
| - Provident Fund | 10,071,963 | 8,829,416 |
| - Employees' State Insurance | 4,140,879 | 3,530,496 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

The details of Company's Gratuity Fund 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, 2016 | | For the year ended March 31, 2015 | |
|--|--------------------------------------|---------------------|--------------------------------------|---------------------|
| | 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 | 13,777,086 | 2,942,469 | 13,790,768 | 2,673,770 |
| Interest Cost | 1,102,167 | 235,398 | 1,103,261 | 213,902 |
| Current Service Cost | 3,221,163 | 1,268,718 | 2,889,544 | 1,476,495 |
| Benefits Paid | (3,446,057) | (1,202,140) | (2,466,757) | (1,181,612) |
| Actuarial (Gain) / Loss on Obligation | (906,436) | 166,568 | (1,539,730) | (240,086) |
| Present value of Obligation at year end | 13,747,923 | 3,411,013 | 13,777,086 | 2,942,469 |
| Changes in the fair value of Plan Assets | | | | |
| Fair value of Plan Assets at the beginning of year | 12,366,673 | 4,035,185 | 11,818,322 | 4,806,514 |
| Expected return on Plan Assets | 1,019,804 | 316,850 | 1,042,662 | 367,626 |
| Contribution | 1,410,413 | - | 1,972,446 | 42,657 |
| Benefits Paid | (3,446,057) | (1,202,140) | (2,466,757) | (1,181,612) |
| Actuarial gain/(loss) on Plan Assets | - | - | - | - |
| Fair value of Plan Assets at the end of year | 11,350,833 | 3,149,895 | 12,366,673 | 4,035,185 |
| Actuarial Gain / (Loss) recognized : | | | | |
| Actuarial Gain / (Loss) for the year | | | | |
| - Obligation | 906,436 | (166,568) | 1,539,730 | 240,086 |
| - Plan Assets | - | - | - | - |
| Total Gain / (Loss) for the year | 906,436 | (166,568) | 1,539,730 | 240,086 |
| Actual Gain / (Loss) recognized in the year | 906,436 | (166,568) | 1,539,730 | 240,086 |
| Amount to be recognized in the Balance Sheet : | | | | |
| Present value of Obligation at year end | 13,747,923 | 3,411,013 | 13,777,086 | 2,942,469 |
| Fair value of Plan Assets at year end | 11,350,833 | 3,149,895 | 12,366,673 | 4,035,185 |
| Funded status | (2,397,090) | (261,118) | (1,410,413) | 1,092,716 |
| Net Asset / (Liability) recognized in the Balance Sheet | (2,397,090) | (261,118) | (1,410,413) | - |
| Expenses recognized in the Statement of Profit and Loss : | | | | |
| Current Service Cost | 3,221,163 | 1,268,718 | 2,889,544 | 1,476,495 |
| Interest Cost | 1,102,167 | 235,398 | 1,103,261 | 213,902 |
| Expected return on Plan Assets | (1,019,804) | (316,850) | (1,042,662) | (357,595) |
| Actuarial (Gain) / Loss recognized in the year | (906,436) | 166,568 | (1,539,730) | (240,086) |
| Expenses recognized in the Statement of Profit and Loss | 2,589,750 | 318,474 | 1,410,413 | 105,329 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

24. FINANCE COSTS :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|----------------------------|---|---|
| Interest Expenses | 64,999,546 | 106,404,959 |
| TOTAL FINANCE COSTS | 64,999,546 | 106,404,959 |

25. OTHER EXPENSES :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|--|---|---|
| Manufacturing Expenses : | | |
| Colours, Dyes and Chemicals Consumed | 310,518,041 | 187,403,346 |
| Stores, Spares, Packing and Consumables Consumed | 52,060,865 | 40,895,208 |
| Power and Fuel Expenses | 239,040,154 | 203,785,622 |
| Job Work Charges | 28,393,825 | 1,179,808 |
| Insurance Expenses | 1,279,071 | 1,943,366 |
| Repairs and Maintenance : | | |
| - Buildings | 1,363,212 | 435,916 |
| - Plant and Machinery | 9,148,575 | 6,124,001 |
| Total Manufacturing Expenses | 641,803,743 | 441,767,267 |
| Administrative Expenses : | | |
| Travelling and Conveyance Expenses | 6,810,049 | 3,305,535 |
| Rental and Hiring Charges | 7,932,998 | 4,141,398 |
| Postage and Courier Expenses | 1,310,069 | 524,571 |
| Printing and Stationery | 2,199,414 | 578,705 |
| Rates, Fee and Taxes | 761,989 | 1,136,382 |
| Loss on Sale/Disposal of Fixed Assets (Net) | 23,978 | - |
| Professional and Legal Expenses | 28,913,581 | 20,884,947 |
| Telecommunication Expenses | 903,625 | 710,085 |
| Directors' Sitting Fee | 76,000 | 44,000 |
| Auditors' Remuneration : | | |
| - for Audit Fee | 383,575 | 376,406 |
| - for Taxation Matters | 85,875 | 84,270 |
| - for Other Services | 248,346 | 124,890 |
| - for Re-imburement of Expenses | 73,095 | 9,863 |
| Advertisement and Publicity Expenses | 214,747 | 193,678 |
| Repairs and Maintenance to Others | 2,416,217 | 1,304,290 |
| Running and Maintenance to Vehicles | 3,178,201 | 1,083,849 |
| Wealth Tax | - | 4,020 |
| Financial Charges | 654,354 | 893,223 |
| Other Expenses | 12,227,110 | 3,616,991 |
| Total Administrative Expenses | 68,413,223 | 39,017,103 |
| Selling and Distribution Expenses : | | |
| Freight and Forwarding Expenses | 3,292,833 | 6,639,493 |
| Sales Commission | 174,466 | 786,934 |
| Rebate, Discounts and Claims | 33,381,989 | 25,007,201 |
| Other Selling and Distribution Expenses | 3,397,885 | 4,205,297 |
| Total Selling and Distribution Expenses | 40,247,173 | 36,638,925 |
| TOTAL OTHER EXPENSES | 750,464,139 | 517,423,295 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | For the year ended March 31, 2016 | | For the year ended March 31, 2015 | |
|---|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
| 25.1 Value of Colours, Dyes and Chemicals Consumed : | % of | ₹ | % of | ₹ |
| | Consumption | | Consumption | |
| Imported | 39.82 | 123,651,894 | 36.53 | 68,457,212 |
| Indigenous | <u>60.18</u> | <u>186,866,147</u> | <u>63.47</u> | <u>118,946,134</u> |
| TOTAL | <u>100.00</u> | <u>310,518,041</u> | <u>100.00</u> | <u>187,403,346</u> |

| | | | | |
|---|----------------------|--------------------------|----------------------|--------------------------|
| 25.2 Value of Stores, Spares, Packing and Consumables Consumed : | % of | ₹ | % of | ₹ |
| | Consumption | | Consumption | |
| Imported | 24.32 | 12,659,668 | 20.34 | 8,319,403 |
| Indigenous | <u>75.68</u> | <u>39,401,197</u> | <u>79.66</u> | <u>32,575,805</u> |
| TOTAL | <u>100.00</u> | <u>52,060,865</u> | <u>100.00</u> | <u>40,895,208</u> |

25.3 Value of Imports on CIF basis in respect of :

| | | |
|---|------------|------------|
| Colours, Dyes and Chemicals | 92,751,885 | 54,520,705 |
| Stores, Spares, Packing and Consumables | 5,298,327 | 2,619,970 |

25.4 Expenditure in Foreign Currency :

| | | |
|-----------------------------------|-----------|---------|
| Commission | 62,413 | 230,066 |
| Travelling and Business Promotion | 2,197,202 | 304,900 |

26. EARNING PER EQUITY SHARE :

| Particulars | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|---|---|---|
| a. Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Before Extraordinary items) | (97,265,235) | (195,222,660) |
| b. Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (After Extraordinary items) | (97,265,235) | (195,222,660) |
| c. Number of Equity Shares outstanding | 13,283,743 | 13,283,743 |
| d. Weighted Average Number of Equity Shares outstanding during the year | 13,283,743 | 13,283,743 |
| e. Weighted Average Number of Equity Shares considered for diluted earning | 13,283,743 | 13,283,743 |
| f. Face Value per Equity Share | 10.00 | 10.00 |
| g. Basic Earning per Equity Share (Before Extraordinary items) | (7.32) | (14.70) |
| h. Diluted Earning per Equity Share (Before Extraordinary items) | (7.32) | (14.70) |
| i. Basic Earning per Equity Share (After Extraordinary items) | (7.32) | (14.70) |
| j. Diluted Earning per Equity Share (After Extraordinary items) | (7.32) | (14.70) |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

27. RELATED PARTIES DISCLOSURE :

As per the Accounting Standard on “Related Party Disclosures” (AS 18) 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 :

| Sr. No | Relationship | Related Parties |
|--------|---|---|
| i) | Enterprise that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise. (Holding, Subsidiaries and Fellow subsidiaries). | None |
| ii) | Associate and joint ventures of reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture. | Rainbow Agri Industries Limited |
| iii) | Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual. | Indo-US Investment Inc. |
| iv) | Key management personnel and relative of such personnel. | Mr. H. D. Ramsinghani - Chairman and Managing Director Mr. S. S. Arora - Chief Financial Officer Mr. R. D. Jog - Company Secretary |
| v) | Enterprises over which any person decribed in (iii) or (iv) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise. | Rama Phosphate Limited Rama Petrochemicals Limited Rama Industries Limited Rama Capital & Fiscal Services Private Limited Blue Lagoon Investments Private Limited Nova Gelicon Private Limited |
| | 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) | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|---|---|---|
| Purchases : | | |
| Goods and Material | 39,627,202 | 22,942,895 |
| Expenses : | | |
| Interest | 166,192 | 1,588,930 |
| Lease Rent | 113,807 | 112,680 |
| Managerial Remuneration | 2,688,694 | 1,611,083 |
| Finance : | | |
| Loan Taken / Returned | 9,300,000 | 50,500,000 |
| Loan Given / Returned | 9,300,000 | 66,100,000 |
| Outstandings on account of : | | |
| Loans and Advances | 80,829,903 | 10,257,105 |
| Investments (Net of provisions) | 1,000 | 1,000 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

27.1 Disclosure in respect of Related Party transactions :

| | For the year ended March 31, 2016 ₹ | For the year ended March 31, 2015 ₹ |
|--|---|---|
| Purchases : | | |
| Goods and Material : | | |
| Rainbow Agri Industries Limited | 39,627,202 | 22,942,895 |
| Expenses : | | |
| Interest : | | |
| Rama Industries Limited | 166,192 | 1,588,930 |
| Lease Rent : | | |
| Rama Industries Limited | 113,807 | 112,680 |
| Managerial Remuneration : | | |
| Mr. S. S. Arora | 1,082,667 | - |
| Mr. R. D. Jog | 1,606,027 | 1,611,083 |
| Finance : | | |
| Loan Taken / Returned : | | |
| Rama Industries Limited | 9,300,000 | 30,000,000 |
| Blue Lagoon Investments Private Limited | - | 20,500,000 |
| Loan Given / Returned : | | |
| Rama Industries Limited | 9,300,000 | 45,600,000 |
| Blue Lagoon Investments Private Limited | - | 20,500,000 |
| Outstandings on account of : | | |
| Loans and Advances : | | |
| Rainbow Agri Industries Limited | 80,829,903 | 10,257,105 |
| Investments (Net of provisions) : | | |
| Rama Industries Limited | 1,000 | 1,000 |

28. 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, 2016 ₹ | As at March 31, 2015 ₹ |
|--|------------------------------|------------------------------|
| Deferred Tax Liability : | | |
| Depreciation / Fixed Assets | 22,104,819 | 23,320,476 |
| Deferred Tax Assets : | | |
| Disallowance u/s 43B of Income-tax Act, 1961 | 131,839,753 | 128,935,514 |
| Unabsorbed Depreciation and Business Loss | 417,133,647 | 393,170,928 |
| Provision for Doubtful Debts | 1,165,154 | 1,165,154 |
| Net Deferred Tax Assets | 528,033,735 | 499,951,120 |

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 22 issued by The Institute of Chartered Accountants of India.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

29. 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\$ 1,25,19,142 by January 12, 2025 or such further extension as may be granted.
30. 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.
31. Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing after April 01, 2014, in the previous year, the Company had re-worked depreciation with reference to the estimated economic lives of fixed assets prescribed by Schedule II to the Act or actual useful life of assets, whichever is lower. In case of any asset, whose life had been completed as above, the carrying value, net of residual value, as at April 01, 2014 had been adjusted to the opening balance of retained earnings/brought forward loss and in other cases, the carrying value had been depreciated over the remaining of the revised life of the assets and recognized in the Statement of Profit and Loss. If there had not been any change in the useful life of the assets, depreciation for the previous year would have been ₹ 9,14,40,218 consequently loss would have been lower by ₹ 1,97,65,512.
32. The Company is a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR has approved Rehabilitation Scheme vide order dated December 27, 2012.
33. 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”.
34. Segment wise details, as required by AS 17 Segment Reporting, are not furnished as the management is of the opinion that it does not have any geographical/business segment that is subject to different kind of risk, return or opportunities.
35. Figures have been rounded off to the nearest rupee.
36. Previous Year figures have been re-grouped/re-arranged, wherever necessary, to make them comparable.

**As per our report of even date attached
for Dayal and Lohia,
Chartered Accountants
Firm Registration Number : 102200W**

**Rinkit K. Uchat
Partner
Membership Number : 165557**

**R. D. Jog
Company Secretary**

**S. S. Arora
CFO**

For and on behalf of the Board of Directors

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

**H. D. Ramsinghani
Chairman and
Managing Director
DIN - 00035416**

**Place : Mumbai
Date : May 30, 2016**

**Place : Mumbai
Date : May 30, 2016**

RAINBOW DENIM LIMITED

Corporate Identification Number (CIN) : L18101PB1999PLC022452

Regd. Office : Village Chaundheri, Post Office Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140 506.
Tel: 01762 248810/11/12; Fax : 01762-248761/248809 Email : rainbow@rainbowdenim.com ; Website : www.rainbowdenim.com

ATTENDANCE SLIP

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

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

For Demat Shares

| | |
|-----------|--|
| DP ID | |
| CLIENT ID | |

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 Seventeenth Annual General Meeting of the Company held on Friday, September 23, 2016 at 10.00 a.m. at Village Chaundheri, P.O. Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140506.

Name of the Member / Proxy
(in BLOCK letters)

Signature of the Member/Proxy

RAINBOW DENIM LIMITED

Corporate Identification Number (CIN) : L18101PB1999PLC022452

Regd. Office : Village Chaundheri, Post Office Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140 506.
Tel: 01762 248810/11/12; Fax : 01762-248761/248809 Email : rainbow@rainbowdenim.com ; Website : www.rainbowdenim.com

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 Seventeenth Annual General Meeting of the Company, to be held on Friday , September 23, 2016 at 10.00 a.m. at Village Chaundheri P.O. Dappar, Ambala-Chandigarh Highway, Dist. Mohali, Punjab 140506 and at any adjournment thereof in respect of such resolutions as indicated below:

| Resolution No. | Resolutions | For | Against |
|--------------------------|---|-----|---------|
| Ordinary Business | | | |
| 1. | Adoption of Audited Statement of Profit & Loss, Balance Sheet, Report of Directors and Auditors for the year ended March 31, 2016 | | |
| 2. | Reappointment of Mrs. N. H. Ramsinghani (DIN 01327609) Director who retires by rotation. | | |
| 3. | Appointment of Statutory Auditors M/s. Dayal & Lohia | | |
| Special Business | | | |
| 4. | Approval of remuneration of Cost Auditors | | |
| 5. | Appointment of Independent Director | | |
| 6. | Approval under Section 180(1)(a) of Companies Act, 2013 | | |

Signed this _____ day of _____ 2016

| |
|---|
| Affix 0.15 paise Revenue Stamp |
|---|

Signature of Member

Signature of Proxy Holder(s)

Notes :

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

If undelivered please return to :

Link Intime India Private Limited

Unit : Rainbow Denim Limited

C-13, Pannalal Silk Mills Compound,

L.B. S. Marg, Bhandup (W),

Mumbai 400 078.