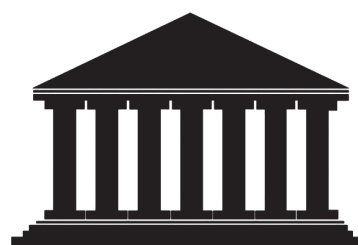


2015-2016

Annual Report 2016



**RAINBOW FOUNDATIONS LIMITED**  
**2015-2016**



**Twenty Second Annual Report**

**BOARD OF DIRECTORS**

- **Mr. Anopchand Jain**  
Managing Director
- **Mr. Gajraj Jain**  
Joint Managing Director
- **Mr. Mukesh Kumar M. Mehta**  
Independent Director
- **Mr. P. M. Mothiram**  
Independent Director
- **Mr. Sampat Raj Singhvi**  
Independent Director
- **Ms. Lakshmi Sreedhar**  
Non-Executive Director

**CHIEF FINANCIAL OFFICER**

**Mr. Nitesh Jain**

**COMPANY SECRETARY**

**Mr. P. Krishnasamy**

**AUDITORS**

**Jain Bafna and Co.**

Chartered Accountants  
Chennai-600006

**BANKERS**

**The Catholic Syrian Bank Ltd**

T. Nagar Branch  
Chennai- 600017

**State Bank of Mysore**

Thanikachalam Road Branch  
Chennai- 600017

**Axis Bank Limited**

Kodambakkam Branch  
Chennai-600024

**ICICI Bank Limited**

T. Nagar Branch  
Chennai-600017

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

Bombay Stock Exchange Ltd., Mumbai

**DEMAT ISIN- INE230F01014**

**REGISTERED OFFICE**

No.4, Thanikachalam Road, T. Nagar  
Chennai-600017

**REGISTRAR AND SHARE TRANSFER AGENT**

**M/s. Cameo Corporate Services Limited**

"Subramaniam Building" No.1, Club House Road,  
Chennai- 600 002 Ph: 044 28460390/ Fax: 044 – 28460129

# **CONTENTS**

<b>Notice</b>	<b>03</b>
<b>Directors' Report</b>	<b>10</b>
<b>Management Discussion and Analysis</b>	<b>35</b>
<b>Independent Auditors' Report</b>	<b>38</b>
<b>Balance Sheet</b>	<b>45</b>
<b>Profit &amp; Loss Account</b>	<b>46</b>
<b>Cash Flow Statement</b>	<b>47</b>
<b>Notes On Accounts</b>	<b>52</b>
<b>Attendance Slip &amp; Proxy Form</b>	<b>60</b>

## **NOTICE**

NOTICE is hereby given that the Twenty Second Annual General Meeting of **Rainbow Foundations Limited** will be held on Friday, the, 30<sup>th</sup> September, 2016 at 9:30 A.M at the registered office of the Company situated at New No.4, Thanikachalam Road, T.Nagar, Chennai – 600017 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the Financial Year ended on 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Gajraj Jain (DIN: 01182117), who retires by rotation and being eligible, offers himself for re-appointment.
3. Re-appointment of Statutory Auditor

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

**“RESOLVED THAT** M/s. Jain Bafna and Co., Chartered Accountants, Chennai, having Firm Registration No.010657S, be and are hereby re-appointed as Statutory Auditors of the Company to hold such office from the conclusion of the 22<sup>nd</sup> Annual General Meeting until the conclusion of the 23<sup>rd</sup> Annual General meeting of the Company on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**By Order of the Board of Directors**

**For Rainbow Foundations Limited**

Sd/-  
**Gajraj Jain**  
**Joint Managing Director**  
**DIN: 01182117**

Place: Chennai  
Date: 13<sup>th</sup> August, 2016

### **Registered Office:**

No.4, Thanikachalam Road,  
T.Nagar, Chennai – 600017

## NOTES:

- a. **INFORMATION UNDER REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 RELATING TO THE DIRECTOR PROPOSED TO BE REAPPOINTED IS PROVIDED IN ANNEXURE TO THIS NOTICE.**
- b. **A MEMBER OF THE COMPANY WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. 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 A MEMBER.**
- c. **INSTRUMENT OF PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.**
- d. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
- e. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- f. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registered Office at No.4, Thanikachalam Road, T.Nagar, Chennai - 600017.
- g. Queries if any relating to Accounts may be sent to the Registered Office of the Company three days in advance before the date of AGM.
- h. All communication relating to shares may be addressed to the Company at: **No.4, Thanikachalam Road, T.Nagar, Chennai - 600017.**
- i. The Register of Members and the Share Transfer Books of the company will remain closed from 24th September, 2016 to 30th September, 2016, both days inclusive.
- j. Members may please bring the Admission Slip duly filled in and hand over the same at the entrance to the Meeting Hall.
- k. Members who hold shares in dematerialised form, are requested to quote Depository account number (Client ID No.) for recording of attendance at the meeting.

- l. Companies Act, 2013 has permitted companies to service documents to their shareholders through an electronic mode. In order to receive notices/documents of the Company on email, you would be required to register your email with the Company and/or update your email with your depository participant with NSDL / CDSL. As and when there are any changes in your email address, you are requested to keep your Depository Participant (DP)/ Company informed of the same. You are requested to inform us by sending an email to [rainbow@rainbowfoundations.in](mailto:rainbow@rainbowfoundations.in), indicating your decision. A copy will be sent to you free of cost.
- m. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN Card, duly attested, to the **Registrar and Share Transfer Agents M/s. Cameo Corporate Services Ltd, Subramanian Building, No.1, Club House Road, Chennai-600002.**
- n. Members are requested to update their respective email address with the depository participant to ensure that the annual report and other documents reach you on your preferred email account.
- o. As a measure of saving, copies of the Annual Report will not be distributed at the meeting. Members are requested to bring their copies of the Annual Report to the meeting.
- p. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the 22<sup>nd</sup> Annual General Meeting.
- q. The Register of Directors' shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
- r. **STATEMENT PURSUANT TO REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, FOLLOWING INFORMATION ARE FURNISHED ABOUT THE DIRECTOR PROPOSED TO BE RE-APPOINTED VIDE ITEM NO.2 IN THE NOTICE DATED 12TH AUGUST, 2016:**

Name of the Director	Mr. GAJRAJ JAIN
Date of Birth	14.07.1961
Date of appointment	07.06.1994
Qualification(s)	B.Com.
Expertise in Specific Functional Area	He has rich experience in the industry of 28 years and overseas in the entire construction work
List of other Directorships held	NIL

Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
Relationship between Directors Inter-se.	Brother of Mr. Anopchand Jain
No. of Shares held.	2,00,000

s. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 27.09.2016 at 9.00 a.m. and ends on 29.09.2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

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

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on “SUBMIT” tab.

- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.



- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

- I. Mr. Soy Joseph, Company Secretary (Membership No. 13852) Partner, M/s. JM & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- II. The Scrutinizer after the conclusion of voting at the Annual general Meeting, will first count the votes cast at the meeting and thereafter will unblock the votes in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours from conclusion of the meeting, a consolidated Scrutinizer’s report of the total votes cast in favour or against the resolution, invalid votes, if any and whether the Resolution(s) has/have been carried or not, to the Chairman or a person authorised by him in writing who shall countersign the same
- III. The results declared along with the Scrutinizers Report shall be placed on the Company’s website [www.rainbowfoundations.in](http://www.rainbowfoundations.in) and on the website of CDSL

immediately after the result is declared. The Company shall simultaneously forward the results to BSE limited ("BSE") where the shares of the Company are listed.

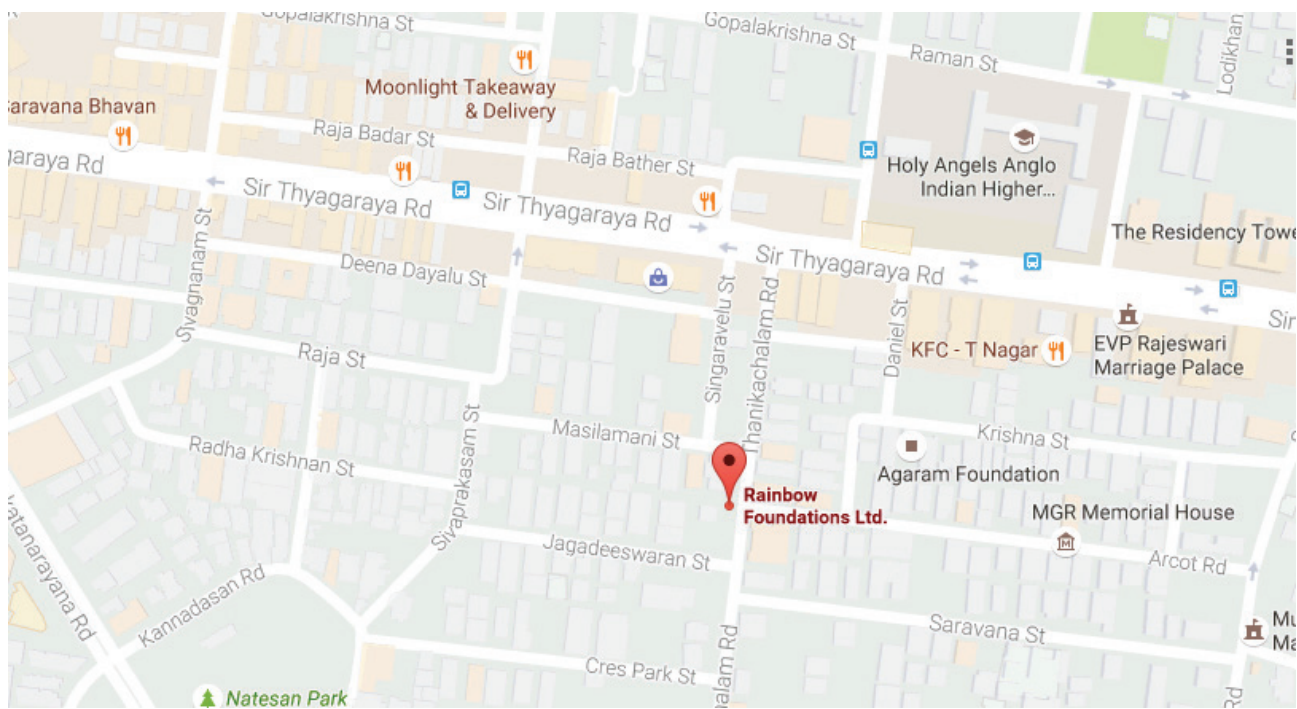
**By Order of the Board**

**For Rainbow Foundations Limited**

Place: Chennai  
Date: 13.08.2016

**Sd/-  
Gajraj Jain  
Joint Managing Director  
DIN: 01182117**

The Route map of the Annual General Meeting :



## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their 22<sup>nd</sup> Annual Report on the business and operations of the Company together with the Audited Statement of Accounts of Rainbow Foundations Limited ("the Company") for the year ended March 31, 2016.

### 1. FINANCIAL RESULTS

**Rs. in Lakhs**

Particulars	Standalone	
	31/03/2016	31/03/2015
Total Income	3091.20	3231.21
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	202.55	96.86
Finance Charges	566.09	458.21
Depreciation	3.12	3.79
Provision for Income Tax	72.20	31.43
Net Profit/(Loss) After Tax	130.02	61.48
Profit/(Loss) brought forward from previous year	-	-
Profit/(Loss) carried to Balance Sheet	130.02	61.48

### 2. FINANCIAL PERFORMANCE OF THE COMPANY

During the year under review, the Company's Profit before Interest, Depreciation & Tax increased to Rs. 202.55 Lakhs as compared to Rs. 96.86 Lakhs in the previous year. The Company earned a net profit of Rs. 130.02 Lakhs in the Current Financial Year as against a net profit of Rs.61.48 Lakhs in the previous year. The increase in net profit is on account of increased revenue and marginal reduction of project expenditure. Your directors are expecting to provide a better performance in the forthcoming years.

### 3. CHANGE IN NATURE OF BUSINESS, IF ANY

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

### 4. DIVIDEND

In order to conserve the resources' of your Company, the Board of Directors do not recommend any dividend for the financial year 2015-16.

### 5. TRANSFER TO RESERVES

The Company has not transferred any amount to reserves for the financial year 2015-16.

### 6. SHARE CAPITAL

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

Present Capital structure of the Company is as follows:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
<b>Share Capital</b>				
<b>Authorised Capital</b>				
Equity shares of INR 10 each	1,20,00,000	120,000,000	1,20,00,000	120,000,000
<b>Issued, Subscribed and fully paid up share capital</b>				
Equity shares of INR 10 each	55,13,100	55,131,000	55,13,100	55,131,000

### 7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

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

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

There were no loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the year 2015-16.

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

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

**11. DEPOSITS**

The Company has not accepted any deposits under Chapter-V of the Companies Act, 2013.

**12. STATUTORY AUDITORS**

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

The Auditor's report on the financial statements for the year 2015-16 does not contain any qualification, reservation or adverse remark.

### **13. COST AUDITORS.**

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

### **14. SECRETARIAL AUDIT REPORT**

Pursuant to provisions of Section 204 of the Companies act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S. JM & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the financial year 2015-16. The report of Secretarial Audit is annexed herewith in Form MR - 3 as annexure.

### **15. DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

- vi. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 16. COMPOSITION OF BOARD

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

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

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

<b>P</b>	<b>Promoter</b>	<b>MD</b>	<b>Managing Director</b>
<b>ED</b>	<b>Executive Director</b>	<b>NED</b>	<b>Non-Executive Director</b>
<b>I</b>	<b>Independent</b>	-	-

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



**17. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

There has been no change in the composition of directors as constituted under the Act. The Company has complied with the provisions of the Companies Act, 2013 with respect to Section 149(10) of the Companies Act, 2013, read along with Rules framed thereunder.

Further, the Company has appointed Mr. Nitesh Jain as the Chief Financial Officer with effect from 30<sup>th</sup> May, 2016, therefore, fulfilling the provisions as mentioned under Section 203 of the Companies Act, 2013 and their respective rules.

Mr. Gajraj Jain retire by rotation at the forthcoming Annual general Meeting and being eligible, offers himself for re-election.

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

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

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



## 19. EVALUATION OF THE BOARD'S PERFORMANCE

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

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

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

## 20. COMMITTEES OF BOARD

During the financial year 2015 -16, the Board constituted some of its Committees, in accordance with the Companies Act, 2013. There are currently three Committees of the Board, as follows:

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

## 21. BOARD MEETINGS

The Board of Directors met five times during the year financial year 2015-16.

Date of the meeting	No. of Directors attended the meeting
29-05-2015	5
24-07-2015	5
14-08-2015	5
14-11-2015	5
13-02-2016	5

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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

**22. VIGIL MECHANISM**

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

**23. EXTRACT OF ANNUAL RETURN**

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

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

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

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

<b>PARTUCULARS</b>	<b>2016 (in INR)</b>	<b>2015 (in INR)</b>
<b>Earnings</b>	Nil	Nil
<b>Outgo</b>	Nil	Nil

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

The Company in order to comply the provisions of the Companies Act, 2013 and provide an effective mechanism for implementing risk management system had

adopted the policy on risk management for evaluating and monitoring various risks that could threaten the existence of the Company. The Company had not faced any major risks and no major deviations from the actuals as attained by the Company. The Audit committee has to review the the policy periodically. The Board takes overall responsibility for the overall process of risk management in the organisation.

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

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

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

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

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

## **28. PREVENTION OF SEXUAL HARASSMENT**

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

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

## **29. REPORT ON CORPORATE GOVERNANCE**

The Compliance with the provisions of Corporate Governance is not applicable to the Company since the Company does not fall under the category as specified under SEBI (LODR) Regulations, 2015.

### 30. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis of the financial conditions including the result of the operations of the company for the year under Regulation 34(e) of the SEBI (LODR) Regulations, 2015 is given as a separate statement in the Annual Report.

### 31. REMUNERATION POLICY:

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

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

The key principles governing the remuneration policy are as follows:

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

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

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

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

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

## 1. LISTING

The shares of the Company are listed at the Bombay Stock Exchange (BSE). The annual listing fee has been paid to the stock exchange before the due date.

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

The Following qualifications were made in the secretarial audit report;

1. Non appointment of Chief Financial Officer (CFO) as required under Section 203 of the Companies Act, 2013
2. Non appointment of Internal Auditor as required under Section 138 of the Companies Act, 2013.

With respect to the above qualifications the Board would like to reply that;

The Company has appointed Chief Financial Officer(CFO) and Internal auditor as required under the Companies act, 2013 in the Board meeting held on 30.05.2016.

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

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

## 4. ACKNOWLEDGEMENTS

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

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**Anopchand Jain**  
Managing Director  
DIN: 02215110

Sd/-  
**Gajraj Jain**  
Joint Managing Director  
DIN: 01182117

Place: Chennai

Date: 13<sup>th</sup> August 2016

**Annexure 1**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31<sup>st</sup> March, 2016  
of  
**RAINBOW FOUNDATIONS LIMITED**

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

**I. REGISTRATION AND OTHER DETAILS:**

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

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

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

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

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

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

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

### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
(a) Individual/HUF	1726996		1726996	31.33	1726996		1726996	31.33	-
(b) Central Govt									
(c) State Govt (s)									
(d) Bodies Corp.									
(e) Banks / FI									
(f) Any Other....									
<b>Sub-total(A)(1):-</b>									
(2) <b>Foreign</b>									
(a) NRIs - Individuals									
(b) Other – Individuals									
(c) Bodies Corp.									
(d) Banks / FI									
(e) Any Other....									
<b>Sub-total(A)(2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	1726996		1726996	31.33	1726996		1726996	31.33	
<b>B. Public Shareholding</b>									
1. <b>Institutions</b>									
(a) Mutual Funds									
(b) Banks / FI									
(c) Central Govt									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FII									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
2. <b>Non-Institutions</b>									
(a) Bodies Corp.	627549	20500	648049	11.75	6,80,375	20500	7,00,875	12.71	0.96
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	602715	317919	920634	16.70	5,99,469	316319	915788	16.61	-0.08
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1689946	64000	1753946	31.81	1643245	64000	1707245	30.97	-0.85
(c) Others (specify)									
(i) Hindu Undivided Families	462546		462546	8.39	4,60,658	0	4,60,658	8.36	-0.03
(ii) Non Resident Indians									
(iii) Clearing Member	929		929	0.02	929		929	0.02	-
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	3383685	402419	3786104	68.67	3385285	400819	3786104	68.67	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	5110681	402419	5513100	100	5112281	400819	5513100	100	

**(ii) Shareholding of Promoters**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share Holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	N Anitha Jain	272379	4.94	0.00	272379	4.94	0.00	0.00
2	Sapna	200824	3.64	0.00	200824	3.64	0.00	0.00
3	Gajraj Jain	200000	3.63	0.00	200000	3.63	0.00	0.00
4	Anopchand Jain	176883	3.20	0.00	176883	3.20	0.00	0.00
5	Navin Kumar Jain	168519	3.05	0.00	168519	3.05	0.00	0.00
6	Nitesh Jain	152000	2.76	0.00	152000	2.76	0.00	0.00
7	Vikash Kumar Jain	147100	2.67	0.00	147100	2.67	0.00	0.00
8	Sarala Jain	122191	2.22	0.00	122191	2.22	0.00	0.00
9	Anop Chand Jain	105000	1.90	0.00	105000	1.90	0.00	0.00
10	Gajraj Jain Huf .	75000	1.36	0.00	75000	1.36	0.00	0.00
11	Lalitha Jain	66000	1.20	0.00	66000	1.20	0.00	0.00
12	Ashish Jain	41100	0.75	0.00	0	0.0000	0.00	-0.7454
13	Ashish Jain	0.00	0.00	0.00	41100	0.75	0.00	0.7454



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

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>N ANITHA JAIN</b>					
	At the beginning of the year 01.04.2015		272379	4.94		
	At the end of the year 31.03.2016		272379	4.94	272379	4.94
<b>2</b>	<b>SAPNA</b>					
	At the beginning of the year 01.04.2015		200824	3.64		
	At the end of the year 31.03.2016		200824	3.64	200824	3.64
<b>3</b>	<b>GAJRAJ JAIN</b>					
	At the beginning of the year 01.04.2015		200000	3.63		
	At the end of the year 31.03.2016		200000	3.63	200000	3.63
<b>4</b>	<b>ANOPCHAND JAIN</b>					
	At the beginning of the year 01.04.2015		176883	3.23		
	At the end of the year 31.03.2016		176883	3.23	176883	3.23
<b>5</b>	<b>NAVIN KUMAR JAIN</b>					
	At the beginning of the year 01.04.2015		168519	3.06		
	At the end of the year 31.03.2016		168519	3.06	168519	3.06
<b>6</b>	<b>NITESH JAIN</b>					
	At the beginning of the year 01.04.2015		152000	2.76		
	At the end of the year 31.03.2016		152000	2.76	152000	2.76
<b>7</b>	<b>VIKASH KUMAR JAIN</b>					
	At the beginning of the year 01.04.2015		147100	2.69		
	At the end of the year 31.03.2016		147100	2.69	147100	2.69

<b>8</b>	<b>SARALA JAIN</b>					
	At the beginning of the year 01.04.2015		122191	2.22		
	At the end of the year 31.03.2016		122191	2.22	122191	2.22
<b>9</b>	<b>ANOP CHAND JAIN</b>					
	At the beginning of the year 01.04.2015		105000	1.90		
	At the end of the year 31.03.2016		105000	1.90	105000	1.90
<b>10</b>	<b>GAJRAJ JAIN HUF</b>					
	At the beginning of the year 01.04.2015		75000	1.36		
	At the end of the year 31.03.2016		75000	1.36	75000	1.36
<b>11</b>	<b>LALITHA JAIN</b>					
	At the beginning of the year 01.04.2015		66000	1.20		
	At the end of the year 31.03.2016		66000	1.20	66000	1.20
<b>12</b>	<b>ASHISH JAIN</b>					
	At the beginning of the year 01.04.2015		41100	0.75	41100	
	Sale 03-Jul-2015		-41100			
	At the end of the year 31.03.2016		0		0	0
<b>13</b>	<b>ASHISH JAIN</b>					
	At the beginning of the year 01.04.2015	0				
	Purchase 03-Jul-2015	41100				
	At the end of the year 31.03.2016	41100		0.75	41100	0.75

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

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Suruchi Tie Up Private Limited					
	At the beginning of the year as on 01.04.2015		236663	4.29	236663	4.29
	At the end of the year as on 31.03.2016				23663	4.29
2	Arrowspace Advisors Private Limited					
	At the beginning of the year as on 01.04.2015		201878	3.67	201878	3.67
	Purchase 31-Dec-2015	Purchase	14600	0.26	216478	3.97
	Purchase 08-Jan-2016		8548	0.16	225026	4.08
	Purchase 15-Jan-2016		3601	0.07	228627	4.15
	Purchase 22-Jan-2016		5000	0.09	233627	4.24
	Purchase 04-Mar-2016		5000	0.09	238627	4.33
	At the end of the year as on 31.03.2016		238627	4.33	238627	4.33
3	Dinesh Kumar Bora					
	At the beginning of the year as on 01.04.2015		147000	2.67	147000	2.67
	At the end of the year as on 31.03.2016				147000	2.67
4	Rajgharana Housing Limited					
	At the beginning of the year as on 01.04.2015		66000	1.2	66100	1.2
	At the end of the year as on 31.03.2016				66000	1.2
5	Anil Bohra					
	At the beginning of the year as on 01.04.2015		55746	1.01	55746	1.01
	At the end of the year as on 31.03.2016				55746	1.01
	Having same PAN					
	Anil Bohra					
	At the beginning of the year as on 01.04.2015		11000	0.2	11000	0.2
	At the end of the year as on 31.03.2016				11000	0.2

<b>6</b>	<b>Anupam Jain &amp; Sons</b>					
	At the beginning of the year as on 01.04.2015		54000	0.98	54000	0.98
	Sale 08-May-2015	Sale	-54,000			
	At the end of the year as on 31.03.2016		0		0	0
	Having same PAN					
	<b>Anupam bothra</b>					
	At the beginning of the year as on 01.04.2015		0			
	Purchase 08-May-2015	Purchase	54000		0.98	
	At the end of the year as on 31.03.2016		54000	0.98	54000	0.98
<b>7</b>	<b>J Madanchand Nahar</b>					
	At the beginning of the year as on 01.04.2015		53000	0.96		
	Sale 29-Jan-2016	Sale	-53000			
	At the end of the year as on 31.03.2016		0	0	0	0
	Having same PAN					
	<b>Madan Chand Nahar</b>					
	At the beginning of the year as on 01.04.2015		0			
	Purchase 29-Jan-2016	Purchase	53000	0.96		
	At the end of the Year as on 31.03.2016		53000	0.96	53000	0.96
<b>8</b>	<b>Madan Chand &amp; Sons</b>					
	At the beginning of the year as on 01.04.2015		50000			
	At the end of the Year as on 31.03.2016		50000	0.96	50000	0.96
<b>9</b>	<b>Madhu Jain</b>					
	At the beginning of the year as on 01.04.2015		50000			
	Sale 08-May-2015	Sale	-50000			
	At the end of the Year as on 31.03.2016		0	0	0	0
	<b>Madhu</b>					
	At the beginning of the year as on 01.04.2015		0			
	Purchase 08-May-2015	Purchase	50000			
	At the end of the Year as on 31.03.2016		50000	0.91	50000	0.91
<b>10</b>	<b>Sapna Nahar</b>					
	At the beginning of the year as on 01.04.2015		50000			
	At the end of the Year as on 31.03.2016		50000	0.91	50000	0.91

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

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

**V. INDEBTEDNESS**

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

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	119583281.61	789446163.00	-	909029444.61
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>119583281.61</b>	<b>789446163.00</b>		<b>909029444.61</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition (Net)	485164704.90	127082423.00		612247129.00
• Reduction				
<b>Net Change</b>	<b>485164704.90</b>	<b>127082423.00</b>		<b>612247129.00</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	604747986.47	916528586.00	-	1521276572.47
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>604747986.47</b>	<b>916528586.00</b>		<b>1521276572.47</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Gajraj Jain	Anop Chand Jain	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	9,00,000	9,00,000	18,00,000
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	. Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)			
	Ceiling as per the Act	11,08,060	11,08,060	22,16,020

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
	2. Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify					
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	NA	NA	NA		NA

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

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

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

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

For and on behalf of Rainbow Foundations Limited

Sd/-  
Anopchand Jain  
Managing Director  
DIN: 02215110

Sd/-  
Gajraj Jain  
Joint Managing Director  
DIN: 01182117

### **Annexure to Directors' Report**

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

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

Particulars	Ratio to Median Remuneration
Mr. Anopchand Jain	4.55
Mr. Gajraj Jain	4.55

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

Particulars	% Increase in remuneration
Mr. Anopchand Jain	15.38%
Mr. Gajraj Jain	15.38%
Mr. Krishnasamy P	Nil

3. The percentage of decrease in the Median remuneration of employees in the financial year was 3.03%.
4. The number of permanent employees on the rolls of the Company as on March 31, 2015 was 11.
5. Average percentile increase in the salaries of employees other than the managerial personnel during 2015-16 was 9.82 %. The percentile increase in the managerial remuneration during the same period was 15.38%. The percentile increase in the managerial remuneration was on account of the variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.
6. The key parameters for any variable component of remuneration availed by the directors;  
The Managing Director and Joint Managing Director are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
7. Affirmation that the remuneration is as per the remuneration policy of the Company;

The Company affirms that the remuneration is as per the remuneration policy of the Company.

**For and on behalf of Rainbow Foundations Limited**

Sd/-  
**Anopchand Jain**  
Managing Director  
DIN: 02215110

Sd/-  
**Gajraj Jain**  
Joint Managing Director  
DIN: 01182117



**FORM NO. AOC -2**

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

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

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

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

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

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

**For and on behalf of Rainbow Foundations Limited**

**Sd/-  
Anopchand Jain  
Managing Director  
DIN: 02215110**

**Sd/-  
Gajraj Jain  
Joint Managing Director  
DIN: 01182117**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Rainbow Foundations Limited** for the financial year ended on 31st March, 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) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
- (v) Other industry specific laws applicable to the Company as mentioned below;
  - (a) Transfer of Property Act, 1882
  - (b) Building and Other Construction Workers' ( Regulation of Employment and Conditions of Services) Act, 1996.
- (vi) Various labour laws and other laws like Service Tax Act 1994 etc as applicable to the Company.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as were applicable during the year under review.

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

The Company has not appointed a Chief Financial Officer (CFO) as required under Section 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Further the Company has also not appointed Internal Auditor as required under Section 138 of the Act read with Rule 13 of Companies (Accounts) Rules, 2014. However, the Company has later appointed CFO and Internal auditor under the respective sections of the Companies Act, 2013 at the Board meeting held on 30<sup>th</sup> May, 2016.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

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

For **JM & Associates**,  
Company Secretaries

Place: Chennai  
Date: 13.08.2016

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Economic Review:

#### *Indian Economy*

The Indian economy saw a bounce back from decadal lows. Data shows that GDP had grown by 7.9% in the first two quarters of the Financial Year 2016 (FY16). The Government has taken measures to boost spending by increasing the capex allocation towards infrastructure projects by reforms in the budget. The Government is also taking various initiatives to unlock stuck investments in the core and infrastructure projects, revive investments from the private sector by reforming policy environment, improving the ease of doing business and accelerating the project related approvals.

Since coming to power in 2014, the new government's main concern has been the revival of growth in the Indian economy and crucially enough, it has chosen to give the Industrial sector a structural push to achieve its goal. The government announced the 'Make in India' initiative, which intends to make manufacturing the engine of growth and also generate employment.

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

The Union Budget 2016-17, set a positive tone by outlining a comprehensive plan for putting the economy back onto a higher growth trajectory. The focus on manufacturing and infrastructure sectors is much needed and the government has laid out programs for development of these areas that are critical to nation's overall competitiveness.

#### **Real Estate Sector**

Financial Year 2015-2016 was a year of recovery and positive changes for the Indian economy. The real estate sector, however, continued to face challenges. Tight fiscal spend control by Government, combined with heightened real interest rates had an adverse impact on the savings ability of the population resulting in a continued slowdown in demand for housing and real estate for the second straight year. During the financial year, the slowdown in the real estate sector was more prominent in the NCR region, Kerala and the Western markets. Though the Bangalore market continued to be fairly resilient, the performance of the real estate sector on the whole has been subdued.

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

As long as the government's action plans focus on a progressive economy, we believe that the industry operations will revive in the near future. We hope that the government will focus on

policies that will reduce the burden on real estate builders by accelerating the approval process, reducing the interest costs and taxes levied and controlling the inflationary pressure on inputs.

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

## **2. Operational Review:**

The Revenue of the Company for the year decreased from Rs.3231.21 to Rs.3091.20 lakhs. The Company's net profit for the year was Rs 130.02 Lakhs (last year Rs. 61.47 lakhs). The Earning Per Share (EPS) for the year was Rs.2.36.

## **3. Key Challenges:**

There are certain key challenges and threats that need to be actively addressed and mitigation steps to be taken as and when required. These challenges can be summarized as follows:

- Increasing input material costs leading to higher cost of construction.
- Increasing labor cost and shortage of skilled and technically qualified manpower.
- Land prices still continue to be high.
- Lack of desirable progress in development of infrastructure specifically in the areas of roads, water and sewage systems, power, etc.
- Absence of industry status and institutional financing for land procurement.
- Lack of transparency in land dealings.
- Decrease in Investments in the last year.

## **4. Risks and Concern:**

The Company is exposed to different types of risks such as credit risk, market risk (including liquidity risk and interest rate risk), operational risk and legal risk. The Company monitors credit and market risks, as well as portfolio and operational risk through the oversight of senior management personnel in each of its business segments. Legal risk is subject to the review of the Company's legal department and external advisers. The Company is exposed to specific risks in connection with the management of investments and the environment within which it operates.

The Company aims to understand measure and monitor the various risks to which it is exposed and to ensure that it adheres, as far as reasonably and practically possible, to the policies and procedures established by it to mitigate these risks.

## **5. Internal Control Systems and Adequacy:**

The Company has in place adequate internal control systems and procedures commensurate with its size and nature of business. The Internal Audit team continuously monitors the effectiveness of internal control and provides a reasonable assurance of the adequacy and effectiveness of your Company's control, governance and risk management process to the Audit Committee. It also checks the implementation of corrective actions and improvements suggested by the Audit Committee.

Internal Audit focuses on the following objectives, forming part of the Audit Plan approved by the Audit Committee:

- Adherence to the operating systems and manual;
- Performance of operational activities in an efficient and effective manner;
- Compliance with the risk management process;
- Compliance with legislative and regulatory provisions.

The Audit Committee reviews the Audit Reports and also has discussions with the Statutory Auditors.

## **6. Human Resources:**

Your Company continues to maintain a constructive relationship with its employees through a positive environment so as to improve productivity and efficiency. Your company also continues to invest in people process and skill development and provide them with high performance oriented environment.

## **7. Business Outlook:**

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

## **8. Customers:**

Customers are considered as the King of any business. The customer satisfaction is utmost important for any business to succeed and develop. Your company has taken adequate measures to identify and fulfill the customer needs and wants using various methods such as customer feedback, post review, etc.,

## **DISCLAIMER:**

The information and opinion expressed in this Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of preparation of the report. The management shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Prior written permission of the Company may be obtained for furnishing this information to any person.

**For and on behalf of Rainbow Foundations Limited**

**Sd/-**  
**Anopchand Jain**  
**Managing Director**  
**DIN: 02215110**

**Sd/-**  
**Gajraj Jain**  
**Joint Managing Director**  
**DIN: 01182117**



**Jain Bafna And Co.**

Phone: 28292857

28294228

**Chartered Accountants**Email: [mail@jainbafna.ca](mailto:mail@jainbafna.ca)

F-1, Gajel Apartments, 58, Greams Road, Chennai 600 006

**INDEPENDENT AUDITOR'S REPORT**To the Members OF **M/S. RAINBOW FOUNDATIONS LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **M/S. RAINBOW FOUNDATIONS LIMITED, CHENNAI – 600 017** ("the Company"), which comprise the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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28294228**Chartered Accountants**Email: [mail@jainbafna.ca](mailto:mail@jainbafna.ca)

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

PLACE: CHENNAI  
DATE: 30.05.2016For JAIN BAFNA AND CO.  
(Chartered Accountants)  
Firm Reg No:010657 S(S. MUTHU KUMAR)  
(Partner)  
Address: F-1, 58, Greams Road,  
Chennai 600 006  
Mem No: 209636



**Jain Bafna And Co**Phone: 28292857  
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Chartered Accountants

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Annexure-A

**ANNEXURE TO THE AUDITORS REPORT**

The Annexure referred to in Paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Independent Auditors Report to the shareholders of M/S **RAINBOW FOUNDATIONS LIMITED**, for the year ended 31st March 2016 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate we further state that:

- (i)
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- (ii)
  - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The discrepancies noticed on physical verification of inventory as compared to books of records which has been properly dealt with in the books of accounts were not material.
- (iii) According to the information and explanations given to us and in our opinion, the company has not granted any loans, secured or unsecured to Companies, Firms LLPs or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the order are not applicable to the company and hence not commented upon.
- (iv) According to the information and explanations given to us and in our opinion, in respect of loans, investments, guarantees, and security, the provisions of section 185 and 186 of Company Act, 2013 have been complied with.
- (v) According to the information and explanations given to us and in our opinion, the Company has not accepted any deposit from public and hence the directives issued by the Reserve Bank of India and the Provisions of Section 73 to 76 or any other relevant provisions of Companies Act and the companies (acceptance of deposit) Rules, 2015 with regard to the deposits accepted from public are not applicable.
- (vi) In our opinion, and according to the information and explanations given to us, the maintenance of cost records has not been specified by the central Govt. under sub section (1) of section 148 of the Act, in respect of activities carried on by the company.
- (vii)
  - a. According to the information and explanations given to us and on the basis of our examination of the books of accounts, and the records, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee’s state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date when they became payable.

**Jain Bafna And Co**

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- b. According to the information and explanation given to us, there are no dues of sale tax, duty of customs, duty of excise, value added tax have not been deposited on account of any dispute. The particulars of Income Tax and Service Tax as at 31st March 2016 which have not been deposited on account of dispute are as follows

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited Rs.	Period to which amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income tax including interest till the date of assessment	2,85,218	AY 2002-03	The Hon'ble Madras High court, Chennai
Income Tax Act 1961	Income Tax Along with Interest till the date of Assessment	Rs. 3,33,003/-	AY 2007-08	The Commissioner of Income Tax (Appeals) Chennai
Finance Act 1994 (Service Tax)	Service Tax & Penalty, Interest to be quantified till the date of actual payment	Rs. 7,91,330/-	From November 2004 to September 2007	Customs, Excise and Service Tax Appellate Tribunal Chennai
Finance Act 1994 (Service Tax)	Service Tax & Penalty, Interest to be quantified till the date of actual payment	Rs. 29,71,557/-	2006-2007 to 2010-2011	Customs, Excise and Service Tax Appellate Tribunal Chennai

- (viii) According to the information and explanations given to us and in our opinion, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank and company has no loans or borrowing from Government or dues to debenture holders.
- (ix) Based on the audit procedures performed and according to the information and explanation given to us and in our opinion, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.

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- (x) Based on the audit procedures performed and according to the information and explanations given to us and in our opinion, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based on the audit procedures performed and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) According to the information and explanations given to us and in our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xiii) All transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) Based on the audit procedures performed and according to the information and explanations given to us and in our opinion, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the order are not applicable to the company and hence not commented upon.
- (xv) Based on the audit procedures performed and according to the information and explanations given to us and in our opinion, the Company has not entered into any non-cash transaction with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the order are not applicable to the company and hence not commented upon.
- (xvi) According to the information and explanations given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company and hence not commented upon.

PLACE: CHENNAI

DATE: 30.05.2016

For JAIN BAFNA AND CO.

(Chartered Accountants)

Firm Reg No:010657 S

(S.MUTHU KUMAR)

(Partner)

Address: F-1, 58, Greams Road,

Chennai 600 006

Mem No: 209636

**Jain Bafna And Co**Phone: 28292857  
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Annexure-B

**Independent Auditors' 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 M/S. **RAINBOW FOUNDATIONS LIMITED** ("the Company") as of 31 March 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.

## Jain Bafna And Co

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28294228

Chartered Accountants

Email: [mail@jainbafna.ca](mailto:mail@jainbafna.ca)

F-1, Gajel Apartments, 58, Greams Road, Chennai 600 006

### 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31 March 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.

PLACE: CHENNAI

DATE: 30.05.2016

For JAIN BAFNA AND CO.

(Chartered Accountants)

Firm Reg No:010657 S

(S.MUTHU KUMAR)

(Partner)

Address: F-1, 58, Greams Road,

Chennai 600 006

Mem No: 209636

## Balance Sheet as at 31st March, 2016

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	55,131,000.00	55,131,000.00
(b) Reserves and Surplus	4	67,449,243.76	54,447,039.60
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	1,649,245.60	85,132.00
(b) Deferred Tax Liability (Net)	6	77,367.00	45,132.00
(b) Other Long term liabilities	7	46,632,460.14	41,368,932.00
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	8	1,519,627,326.87	908,944,312.61
(b) Trade payables	9	87,180,855.42	221,708,453.37
(c) Other current liabilities	10	10,672,851.00	6,394,202.00
(d) Short-term provisions	11	6,285,084.00	2,361,597.00
<b>Total</b>		1,794,705,433.79	1,290,485,800.58
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	4,936,080.46	2,909,243.46
(b) Long term loans and advances	13	826,398.00	826,398.00
<b>(2) Current assets</b>			
(a) Inventories	14	1,491,951,414.95	1,153,340,598.48
(b) Trade receivables	15	156,383,869.84	65,546,261.45
(c) Cash and cash equivalents	16	61,262,184.82	13,216,926.63
(d) Short-term loans and advances	17	62,803,356.00	50,747,710.00
(e) Other current assets	18	16,542,129.72	3,898,662.56
<b>Total</b>		1,794,705,433.79	1,290,485,800.58
"See accompanying Notes to the financial statements"	2	-	-
Place: Chennai		As per our report of even date attached	
Date: 30.05.2016			
For and on behalf of the Board		for JAIN BAFNA AND CO	
		Firm Reg No: 010657 S	
		(Chartered Accountants)	
Sd/- (Nitesh Jain) CFO	Sd/- (Gajraj Jain) Joint Managing Director	Sd/- (S Muthukumar) Partner Membership No: 209636	
Sd/- (P. Krishnasamy) Company Secretary			



## Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from operations	19	297,118,599.41	312,100,347.22
II. Other Income	20	12,002,055.00	11,021,088.50
<b>III. Total Revenue (I +II)</b>		<b>309,120,654.41</b>	<b>323,121,435.72</b>
<u>IV. Expenses:</u>			
Purchase of Stock-in-Trade	21	271,391,623.27	269,210,546.97
Changes in inventories of Stock-in-Trade	22	(47,745,404.13)	(10,101,097.02)
Employee benefit expense	23	4,644,262.00	3,651,219.50
Financial costs	24	56,609,799.02	45,821,358.04
Depreciation and amortization expense	12	312,577.00	379,245.00
Other expenses	25	3,652,764.09	4,473,992.18
<b>Total Expenses</b>		<b>288,865,621.25</b>	<b>313,435,264.67</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		20,255,033.16	9,686,171.05
VI. Exceptional Items (Profit after adjusting loss on sale of fixed asset)		-	-
VII. Profit before extraordinary items and tax (V - VI)		20,255,033.16	9,686,171.05
VIII. Extraordinary Items (prior period expenses)		-	-
IX. Profit before tax (VII - VIII)		20,255,033.16	9,686,171.05
X. Tax expense:			
(1) Current tax		7,220,594.00	3,143,289.00
(2) Deferred tax		(32,235.00)	395,285.00
XI. Profit(Loss) from the period from continuing operations (IX-X)		13,002,204.16	6,147,597.05
XII. Profit/(Loss) from discontinuing operations			
XIII. Tax expense of discounting operations			
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the period (XII+XIV)		13,002,204.16	6,147,597.05
XVI. Earning per equity share:			
(1) Basic	26	2.36	1.12
(2) Diluted	27	2.36	1.12
"See accompanying Notes to the financial statements"	2		
Place: Chennai		As per our report of even date attached	
Date: 30.05.2016			
For and on behalf of the Board		for JAIN BAFNA AND CO	
		Firm Reg No: 010657 S	
		(Chartered Accountants)	
Sd/-	Sd/-	Sd/-	
(Nitesh Jain)	(Gajraj Jain)	(S Muthukumar)	
CFO	Joint Managing Director	Partner	
		Membership No: 209636	
	Sd/-		
	(P. Krishnasamy)		
	Company Secretary		

## CASH FLOW STATEMENT

		2015-2016		2014-2015	
		(Amount in Rs. Thousands)		(Amount in Rs. Thousands)	
A.	Cash Flow from Operating Activities				
a.	Net Profit before taxation and extraordinary items		20,255.03		9,686.17
b.	Adjustments for:				
	Depreciation	312.58		379.25	
	Interest income	(11,051.58)		(7,651.90)	
	Liabilities/Provisions written back				
	(Profit)/Loss on sale of fixed assets	106.16		-	
	Interest expense(net)	56,151.79	45,518.95	45,513.80	38,241.15
c.	Operating Profit before working capital changes		65,773.98		47,927.32
	i. (Increase)/Decrease in sundry debtors	(90,837.61)		(35,242.43)	
	ii.(Increase)/ Decrease in inventories	(338,610.82)		(393,090.91)	
	iii.Increase/ (Decrease) in current liabilities	(124,985.42)		(168,695.88)	
	iv.(Increase)/Decrease in loans and advances	(12,055.65)		221,268.29	
	v.(Increase)/Decrease in other current assets	(12,643.47)		483.85	
	Total		(579,132.97)		(375,277.08)
d.	Cash generated from operations		(513,358.99)		(327,349.76)
e.	Income Taxes paid net of refund		(3,297.1)		(4,294.61)
f.	Net Cash from operating activities		(516,656.10)		(331,644.37)
B.	Cash Flow from Investing Activities				
a.	Purchase of Fixed assets	(2,625.57)		(75.93)	
b.	Proceeds from sale of asset	180.00		-	
c.	Advances to subsidiaries/ firms	-		-	
d.	Purchase of investments	-		-	
e.	Interest received	11,051.58		7,651.90	
f.	Net Cash from investing activities		8,606.01		7,575.97



C.	Cash Flow from Financing Activities				
a.	Issue of shares/Capital introduced	-		-	
b.	Proceeds from long term borrowings	-		-	
c.	Repayment of long term borrowings	-		-	
d.	Change in working capital finance	6,078.07		(15,327.91)	
e.	Net increase/(decrease) in other borrowings	606,169.06		376,639.13	
f.	Interest paid	(56,151.79)		(45,513.80)	
g.	Net Cash from financing activities		556,095.34		315,797.42
	Net increase in cash and cash equivalents		48,045.25		(8,270.98)
	(A+B+C)				
	Cash and cash equivalents at the beginning of the period		13,216.93		21,487.91
	Cash and cash equivalents at the end of the period		61,262.18		13,216.93

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

Place: Chennai

Date: 30.05.2016

For and on behalf of the Board

Sd/-  
(Nitesh Jain)  
CFO

Sd/-  
(Gajraj Jain)  
Joint Managing Director

Sd/-  
(P. Krishnasamy)  
Company Secretary

As per our report of even date attached

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

Sd/-  
(S Muthukumar)  
Partner  
Membership No: 209636

**1. Company Information**

The company is in the business of Real estate development in India. It is engaged in the building of Flats, Commercial Complex's and Resorts. The company is also engaged in the development and marketing of plots and pieces of land.

**2. Significant Accounting Policies****1. Basis of Accounting**

- a. The accompanying financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.
- b. All assets and liabilities have been classified as current or non-current as per the normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.
- c. Based on the nature of activities and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current / noncurrent classification of assets and liabilities.

**2. Use of estimates**

- a. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

**3. Fixed assets and depreciation**

- a. Fixed assets (gross block) are stated at historical cost.
- b. Depreciation on assets is provided on Straight Line method. The Company has adopted depreciation rates as per the useful life specified in Schedule II of the Companies Act, 2013.
- c. In line with Accounting Standard 19 on 'Leases', fixed assets acquired through 'finance lease' transactions entered into on or after 1st April 2001, have been capitalised.

**4. Investments**

- a. Investments are classified into current and non-current investments. Current investments are stated at the lower of cost and fair value. Non-current investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, separately for each individual non-current investment.
- b. Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as "Current investments".
- c. All other investments are classified as "Non-current investments".

**5. Inventories**

Inventories are valued as under

- a. Land and Plots which are registered in the name of the company are valued at cost.
- b. Constructed properties includes the cost of land, internal development costs, external development charges, construction costs, development/ construction materials, and is valued at cost or net realisable value, whichever is lower.

- c. Work in progress includes internal development costs, external development charges, construction costs, and development / construction materials in respect to the unsold square footage.

#### **6. Construction contracts**

- a. The company accounts for income on the percentage to completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion of each contract/ activity, on the basis of which profits/losses are accounted.
- b. Such estimates, made by the company, have been relied upon, as these are of a technical nature.
- c. The company accounted for construction receipts at the end of the financial year based on “Percentage of Completion Method”.
- d. Expenditure incurred during the progress of contracts relating to unsold square footage up to the stage of completion are carried forward as work- in- progress.
- e. Advances and progress payments, received and receivable from customers in respect of such construction contracts in progress are disclosed under Current Liabilities/Current Assets respectively.

#### **7. Revenue recognition**

- a. Sale of Land & Undivided Share of Land(UDS)
  - i. Sale of land and UDS (excluding land under agreement to sell) is recognised in the financial year in which the sale deed is executed.
- b. Revenue from constructed properties:
  - ii. Revenue from constructed properties is recognised on the “percentage of completion method” as suggested under Accounting Standard 7 on Construction Contracts (revised 2002) issued by the Institute of Chartered Accountants of India. Total sale consideration as per the agreements to sell constructed properties entered into is recognised as revenue based on the percentage of actual project costs incurred thereon to total estimated project cost. Project cost includes estimated construction and development cost of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognised in the period such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, the loss is recognised immediately.
- c. Interest Income
  - iii. Interest from various Short Term/ Long Term investments is recognised on time proportion basis, taking into account the amount outstanding and the rate applicable

#### **8. Interest from customers under agreements to sell**

- a. Interest from customers under agreements to sell/construction is accounted for on actual receipt. (Cash basis.)

#### **9. Cost of revenue**

- a. Land and plots development costs include land acquisition cost, internal development costs and external development charges, which are not charged to the Statement of Profit and Loss. They are carried forward as work in progress.
- b. Cost of constructed properties and properties under construction includes cost of land (excluding land under agreements to purchase), internal development costs, external development charges, construction costs and development/ construction materials, which is charged to the Statement of Profit and Loss based on the percentage of revenue recognised as per accounting policy (7) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

**10. Borrowing costs**

- a. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**11. Segment Reporting**

- a. Accounting Standard 17 “Segment Reporting” as issued by ICAI requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit that provides Property Development Services only and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.

**12. Deferred Taxation**

- a. Current income-tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

**13. Retirement benefits**

- a. Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.
  - i. Provident fund
    1. The Company is not liable for provident fund.
  - ii. Gratuity
    2. Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability is not recognised in the balance sheet in respect of gratuity.

**14. Contingent liabilities**

- a. Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are not provided for.

**15. Earnings per share**

- a. Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events including a bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Notes to and forming part of Financial Statements

No	Particulars	As at 31 Mar 2016		As at 31 Mar 2015	
		Number	Amount	Number	Amount
3	<b>SHARE CAPITAL</b>				
	<b>Authorised Capital</b>				
	Equity Shares of Rs. 10 each	12,000,000	120,000,000.00	12,000,000	120,000,000.00
	<b>Total</b>	12,000,000	120,000,000.00	12,000,000	120,000,000.00
	<b>Issued, Subscribed and fully paid up Share Capital</b>				
	Equity Shares of Rs. 10 each	5,513,100	55,131,000.00	5,513,100	55,131,000.00
	<b>Total</b>	5,513,100	55,131,000.00	5,513,100	55,131,000.00
	<b>Total taken to Balance Sheet</b>		55,131,000.00		55,131,000.00
3.1	<b>RECONCILIATION OF SHARE CAPITAL</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
	Equity Shares (Face Value Rs 10.00)				
	Shares outstanding at the beginning of the year	5,513,100	55,131,000.00	5,513,100	55,131,000.00
	Shares Issued during the year	-	-	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	5,513,100	55,131,000.00	5,513,100	55,131,000.00
3.2	<b>RIGHTS PREFERENCES AND RESTRICTIONS ATTACHED TO SHARES</b>				
	The company has only one class of equity shares have a face value of Rs. 10 Per share.				
	Each holder of equity shares is entitled to one vote per share.				
	The company declares and pays dividends in Indian Rupees.				
	The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except for Interim Dividend				
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				

4	<b>Reserves and Surplus</b>	<b>As at 31 Mar 2016</b>	<b>As at 31 Mar 2015</b>
4.1	<b>General Reserve</b>		
	Openning balance	108,063.44	108,063.44
	Add: Current year surplus		
	Closing Balance	108,063.44	108,063.44
	<b>Shares Forfeited</b>		
	Openning balance	1,984,500.00	1,984,500.00
	Add: Current year surplus	-	-
	Closing Balance	1,984,500.00	1,984,500.00
	<b>Surplus from Profit &amp; Loss account</b>		
	Openning balance	52,354,476.16	46,286,396.11
	Add: Current year surplus	13,002,204.16	6,147,597.05
	Less: Adjustment for useful life of assets	-	79,517.00
	Closing Balance	<b>65,356,680.32</b>	<b>52,354,476.16</b>
	<b>Total taken to Balance Sheet</b>	<b>67,449,243.76</b>	<b>54,447,039.60</b>
5	<b>Long-term borrowings</b>		
5.1	Secured		
	From NBFC	694,596.00	85,132.00
	From Banks	954,649.60	-
	<b>Total taken to Balance Sheet</b>	<b>1,649,245.60</b>	<b>85,132.00</b>
a	Secured by hypothecation of Vehicles held by the company		
6	<b>Deferred Tax Liability (Net)</b>		
	The composition of Deferred Tax Liability relating to timing difference on account of depreciation	77,367.00	45,132.00
		<b>77,367.00</b>	<b>45,132.00</b>
7	<b>Other Long term liabilities</b>		
7.1	Trade Payables		
	Trade Payables	46,632,460.14	41,368,932.00
	<b>Total taken to Balance Sheet</b>	<b>46,632,460.14</b>	<b>41,368,932.00</b>
8	<b>Short Term Borrowings</b>		
8.1	Secured Borrowings		
	Loans repayable on Demand		
	From Banks	86,215,026.47	81,091,609.61
	From NBFC	516,883,714.40	38,406,540.00
8.2	Unsecured Indian Rupee Borrowings		
	Loans repayable on Demand		
	From related parties	336,724,644.00	230,961,694.00
	From other Parties	579,803,942.00	558,484,469.00
	<b>Total taken to Balance Sheet</b>	<b>1,519,627,326.87</b>	<b>908,944,312.61</b>
	Secured Borrowings:		
a	<b>Secured Loan from Banks:</b> Secured by the Term Deposit held in the name of the company, Land and Building owned by the company, and properties owned by the directors and their relatives and personal guarantees given by the directors.		
b	<b>Details of Security for Secured Loan from NBFC</b>		
	Hypothecation of Vehicles Owned by the company	404,190.00	166,443.00
	Mortgage of 26 flats in the Project Rainbow Paradise being developed by the company	516,479,524.40	38,240,097.00
c	Refer to Note 28 for related party disclosures		



9	<b>Trade Payables</b>		
	Trade Payables	87,180,855.42	221,708,453.37
	<b>Total taken to Balance Sheet</b>	<b>87,180,855.42</b>	<b>221,708,453.37</b>
a	There are no Micro and Small Scale Business Enterprises, to whom Company owes dues, which are outstanding for more than 45 days as at 31/03/2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company		
b	Balances due to various parties are subject to confirmation/reconciliation thereof. Management does not consider any adjustment on completion of reconciliation/confirmation.		
10	<b>Other Current Liabilities</b>		
10.1	Others		
	Expense Payable	112,500.00	112,500.00
	Sales Tax Payable	393,102.00	222,000.00
	Rental Deposit	495,000.00	495,000.00
	TDS Payable	9,672,249.00	5,564,702.00
	<b>Total taken to Balance Sheet</b>	<b>10,672,851.00</b>	<b>6,394,202.00</b>
11	<b>Short-term provisions</b>		
11.1	Provision for income tax	6,285,084.00	2,361,597.00
	<b>Total taken to Balance Sheet</b>	<b>6,285,084.00</b>	<b>2,361,597.00</b>
13	<b>Long term loans and advances</b>		
13.1	Other Loans and Advances		
	Unsecured Considered Good		
	Sales Tax Recoverable	305,800.00	305,800.00
	Rental Deposit	345,000.00	345,000.00
	Electricity Deposit	19,630.00	19,630.00
	Telephone Deposit	50,974.00	50,974.00
	Other Deposits	12,500.00	12,500.00
	TDS Recoverable	92,494.00	92,494.00
	<b>Total taken to Balance Sheet</b>	<b>826,398.00</b>	<b>826,398.00</b>
14	<b>Inventories</b>		
14.1	Work in progress	1,386,597,140.92	1,095,731,728.58
14.2	Stock in trade - Finished Flats	105,354,274.03	57,608,869.90
	<b>Total taken to Balance Sheet</b>	<b>1,491,951,414.95</b>	<b>1,153,340,598.48</b>
a)	Work in Progress: This is values based on cost of completion		
b)	Stock in Trade: This is values based on cost of completion or Net Realisable value which ever is lower		
15	<b>Trade receivables</b>		
15.1	Trade receivables outstanding for (Considered good and unsecured)		
	more than 6 months	121,750,192.36	9,211,700.47
	others	34,633,677.48	56,334,560.98
	<b>Total taken to Balance Sheet</b>	<b>156,383,869.84</b>	<b>65,546,261.45</b>

16	<b>Cash and cash equivalents</b>		
16.1	Cash and cash equivalents		
	Balance with banks		
	in current account	21,483,286.65	1,209,923.46
16.2	Cash in hand	1,207,862.17	649,701.17
16.3	Other Bank Balances:		
	Long term deposit with maturity of more than three months but less than twelve months from the Balance Sheet date	38,571,036.00	11,357,302.00
	<b>Total taken to Balance Sheet</b>	<b>61,262,184.82</b>	<b>13,216,926.63</b>
a)	Bank deposits have been given as security for the secured loan from a Bank as disclosed in Note 8.1		
17	<b>Short-term loans and advances</b>		
	Other Loans and Advances		
	Unsecured - Considered Good		
	Staff Advances	121,500.00	59,100.00
	Advance to Suppliers	24,612,331.00	1,148,416.00
	Interest Receivable	-	701,096.00
	Loans & Deposits	38,069,525.00	48,839,098.00
	<b>Total taken to Balance Sheet</b>	<b>62,803,356.00</b>	<b>50,747,710.00</b>
18	<b>Other current assets</b>		
	Service Tax Recoverable	16,379,524.72	3,801,246.56
	Income Tax Refundable	18,978.00	18,978.00
	Prepaid Expenses	24,453.00	19,897.00
	TDS Receivable	2,623.00	113.00
	Rent Receivable	116,551.00	58,428.00
	<b>Total taken to Balance Sheet</b>	<b>16,542,129.72</b>	<b>3,898,662.56</b>
Place: Chennai		As per our report of even date attached	
Date: 30.05.2016			
For and on behalf of the Board		for JAIN BAFNA AND CO	
		Firm Reg No: 010657 S	
		(Chartered Accountants)	
Sd/-		Sd/-	
(Nitesh Jain)		(Gajraj Jain)	
CFO		Joint Managing Director	
Sd/-		Sd/-	
(P. Krishnasamy)		(S Muthukumar)	
Company Secretary		Partner	
		Membership No: 209636	



## FIXED ASSETS

12	Tangible asset	Gross Value				Depreciation				Closing balance	
		Opening balance	Additions	Deletions	Total	upto 31/03/2015	Current Year	Adj on useful life	Deletions upto 31/03/2016	as on 31/03/2016	as on 31/03/2015
12.1	Building	2,549,310.69			2,549,310.69	1,307,722.91	22,216.00		1,329,938.91	1,219,371.78	1,241,587.78
12.2	Office Equipments	823,170.68	40,394.00		863,564.68	674,290.00	26,693.00		700,983.00	162,581.68	148,880.68
12.3	General Plant & Machinery	110,000.00			110,000.00	83,917.00	3,388.00		87,305.00	22,695.00	26,083.00
12.4	Electrical Installation	17,222.00			17,222.00	11,102.00	1,200.00		12,302.00	4,920.00	6,120.00
12.5	Furniture & Fixtures	429,052.07	18,000.00		447,052.07	346,122.07	13,943.00		360,065.07	86,987.00	82,930.00
12.6	Vehicles	5,324,096.00	2,517,178.00	1,417,840.00	6,423,434.00	3,938,835.00	216,983.00		3,024,136.00	3,399,298.00	1,385,261.00
12.7	Computers	397,918.00	50,000.00		447,918.00	379,537.00	28,154.00		407,691.00	40,227.00	18,381.00
	<b>Total</b>	<b>9,650,769.44</b>	<b>2,625,572.00</b>	<b>1,417,840.00</b>	<b>10,858,501.44</b>	<b>6,741,525.98</b>	<b>312,577.00</b>	<b>-</b>	<b>1,131,682.00</b>	<b>4,936,080.46</b>	<b>2,909,243.46</b>
		-				-					-
	<b>Figures for the previous year</b>	<b>9,574,836.76</b>	<b>75,932.68</b>	<b>0.00</b>	<b>9,650,769.44</b>	<b>6,282,763.98</b>	<b>379,245.00</b>	<b>79,517.00</b>	<b>0.00</b>	<b>2,909,243.46</b>	<b>3,292,073</b>

19	<b><u>Revenue from operations</u></b>		
19.1	Sale of		
	Commercial Complex	-	1,735,000.00
	Flats/Houses/Shops	260,908,099.41	144,960,347.22
	Plots/Land / UDS Land	36,210,500.00	165,405,000.00
	Total	<b>297,118,599.41</b>	<b>312,100,347.22</b>
20	<b><u>Other Income</u></b>		
20.1	Interest Income	11,051,576.00	7,651,899.00
	Other Non Operating Income		
	Rental Income	504,000.00	446,500.00
	Insurance Claim	446,479.00	-
	Tender Document Charges	-	3,500.00
	Sundries Written Back	-	2,919,189.50
		<b>12,002,055.00</b>	<b>11,021,088.50</b>
21	<b><u>Purchase of Stock-in-Trade</u></b>		
21.1	Cost of		
	Commercial Complex	-	1,817,762.45
	Flats/Houses/Shops	257,430,965.70	107,556,241.28
	Plots/Land / UDS Land	13,960,657.57	159,836,543.24
	Total	<b>271,391,623.27</b>	<b>269,210,546.97</b>
22	<b><u>Changes in inventories of stock-in-trade</u></b>		
	Opening Balance	57,608,869.90	47,507,772.88
	Less: Closing Balance	105,354,274.03	57,608,869.90
	Total	<b>(47,745,404.13)</b>	<b>(10,101,097.02)</b>
23	<b><u>Employee benefit expense</u></b>		
	Salaries & Wages	4,596,800.00	3,580,786.00
	Staff Welfare Expenses	47,462.00	70,433.50
	Total	<b>4,644,262.00</b>	<b>3,651,219.50</b>
a	Refer to Note 28 for related party disclosures		
24	<b><u>Financial costs</u></b>		
	Interest Expenses	56,138,613.40	45,503,881.00
	Interest on TDS	13,180.00	9,922.00
	Other borrowing costs	458,005.62	307,555.04
	Total	<b>56,609,799.02</b>	<b>45,821,358.04</b>
a	Refer to Note 28 for related party disclosures		

25	<b><u>Other Expenses</u></b>		
25.01	Payment to Auditors		
	for Audit	75,000.00	75,000.00
	for Tax Representations	50,000.00	50,000.00
	for Reimbursement of expenses	4,652.00	772.00
25.02	Electricity Charges	83,866.00	54,689.00
25.03	Rent	452,500.00	431,500.00
25.04	Repairs to buildings	373,004.28	292,519.00
25.05	Repairs to machinery	180,759.00	54,932.00
25.06	Insurance	62,679.00	91,413.26
25.07	Rates & Taxes	344,139.00	514,245.10
25.08	Compensation paid	-	1,000,000.00
25.09	Sales Promotion	147,748.00	93,496.00
25.10	Telephone Expenses	158,284.81	135,654.11
25.11	Travelling Expenses	36,625.50	139,771.69
25.12	Vehicle Maintenance	556,051.00	677,211.45
25.13	Listing Fee	247,000.00	149,000.00
25.14	Professional Charges	458,193.00	462,618.00
25.15	Conveyance Charges	47,029.00	70,388.00
25.16	Prior Period Items	10,674.00	-
25.17	Loss on Sale of Assets	106,158.00	-
25.18	Miscellaneous expenses	258,401.50	180,782.57
	<b>Total</b>	<b>3,652,764.09</b>	<b>4,473,992.18</b>
26	<b><u>Earnings per Equity Share - Basic</u></b>		
	Net profit / (loss) for the year from continuing operations	13,002,204.16	6,147,597.05
	Weighted average number of equity shares	5,513,100.00	5,513,100.00
	Earnings per share from continuing operations - Basic	2.36	1.12
27	<b><u>Earnings per Equity Share - Diluted</u></b>		
	Net profit / (loss) for the year from continuing operations	13,002,204.16	6,147,597.05
	Weighted average number of equity shares	5,513,100.00	5,513,100.00
	Earnings per share from continuing operations - Diluted	2.36	1.12
Place: Chennai		As per our report of even date	
Date: 30.05.2016		attached	
For and on behalf of the Board		for JAIN BAFNA AND CO	
		Firm Reg No: 010657 S	
		(Chartered Accountants)	
Sd/-		Sd/-	
(Nitesh Jain)		(Gajraj Jain)	
CFO		Joint Managing Direct	
Sd/-		Sd/-	
(P. Krishnasamy)		(S Muthukumar)	
Company Secretary		Partner	
		Membership No: 209636	

No.	Description of relationship		Name(s) of related partie(s)	
28	Key Management Personnel (KMP)	1	Mothiram P M-Director	
		2	Lakshmi Sreedhar-Director	
		3	Mukesh Kumar Manilal Mehta-Director	
		4	Gajraj Jain-Joint Managing Director	
		5	Sampat Raj Singhvi-Director	
		6	Anop Chand Jain-Managing Director	
		7	Nitesh Jain-CFO	
		8	Krishnasamy Pranatharthiharan-Company Secretary	
28.1	<b>Related Party Transaction</b>		<b>31-03-16</b>	<b>31-03-15</b>
	<b>Unsecured Loan - Taken</b>			
	Anoop Chand Jain	1	21,725,000.00	21,900,000.00
	Gajraj Jain	2	314,999,644.00	209,061,694.00
	Total		<b>336,724,644.00</b>	<b>230,961,694.00</b>
	<b>Salary</b>			
	Anoop Chand Jain	1	900,000.00	780,000.00
	Gajraj Jain	2	900,000.00	780,000.00
	Total		<b>1,800,000.00</b>	<b>1,560,000.00</b>
	<b>Interest</b>			
	Gajraj Jain	1	22,781,525.00	20,540,767.00
	Total		<b>22,781,525.00</b>	<b>20,540,767.00</b>
29	Notes have been rearranged and regrouped wherever necessary.			
Place: Chennai		As per our report of even date attached		
Date: 30.05.2016				
For and on behalf of the Board		for JAIN BAFNA AND CO		
		Firm Reg No: 010657 S		
		(Chartered Accountants)		
Sd/-		Sd/-		
(Nitesh Jain)		(S Muthukumar)		
CFO		Partner		
Sd/-		Membership No: 209636		
(P. Krishnasamy)				
Company Secretary				

CIN:

L55101TN1994PLC027739

Name of the company:

**RAINBOW FOUNDATIONS LIMITED**

Registered office:

No.4, Thanikachalam Road, T. Nagar,  
Chennai, Tamilnadu - 600 017**ATTENDANCE SLIP**

Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting at the Registered office of the Company situated at No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017 at 9.30 A.M on Friday, 30<sup>th</sup> September 2016.

Folio No. ....

DP ID No. ....

Client ID No.....

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

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

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

**Form No. MGT-11****Proxy form**

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

CIN:

L55101TN1994PLC027739

Name of the company:

**RAINBOW FOUNDATIONS LIMITED**

Registered office:

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

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

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

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

Address:.....

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

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

Address:.....

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

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

Address:.....

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual ordinary General Meeting of the Company, to be held on Friday, September 30, 2016 at 9.30 A.M at No.4, Thanikachalam Road, T. Nagar, Chennai, Tamilnadu - 600 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No.	Description of resolution	Type of Resolution	For	Against
1	To receive, consider and adopt the Financial Statements of the Company for the Financial Year ended on 31st March, 2016 and the reports of the Board of Directors and Auditors thereon	Ordinary		
2	To appoint a Director in the place of Mr. Gajraj Jain (DIN: 01182117), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary		
3	Re-Appointment of Auditors	Ordinary		

Signed this \_\_\_\_ day of September 2016.

Signature of shareholder

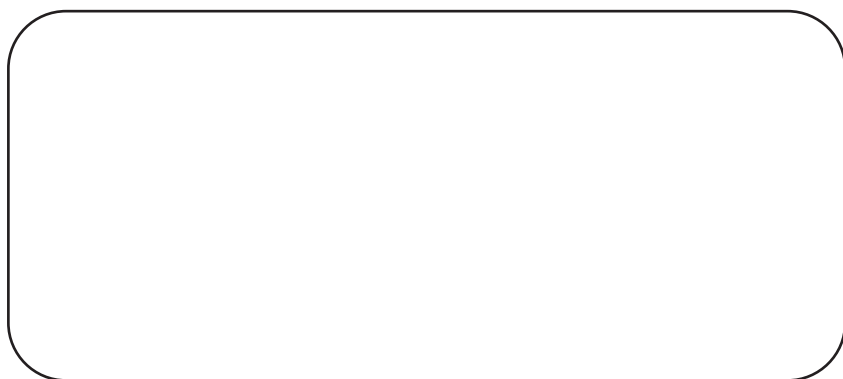
Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

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

***Rainbow Foundations Limited***

**Annual Report 2016**



If undelivered, Please return to:  
Rainbow Foundations Limited  
Regd. Off. : No.4, Thanikachalam Road,  
T.Nagar, Chennai, - 600 017.  
Tamil Nadu