

GASM DANSR AND CO.,

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

On quarter and year to date standalone financial results for the quarter and year ended March 31, 2022 of M/s. Rainbow Foundations Limited Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

To
The Board of Directors
M/s. Rainbow Foundations Limited

Report on the audit of the standalone financial results

Opinion

1. We have audited the financial results of Rainbow Foundations Limited ("the Company"), for the year ended March 31, 2022 and the statement of assets and liabilities and the statement of cash flows as at end for the year ended on that date, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial results:
 - a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2022 and the statement of assets and liabilities and the statement of cash flows as at and for the year ended on that date.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

4. The Statement has been prepared on the basis of the Standalone annual financial statements. The Company's Board of Directors are responsible for the preparation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting



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principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

5. 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - a. Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
 - c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - d. Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date



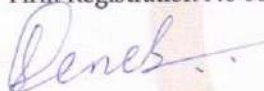
GASM DANSR AND CO.,

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of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
10. Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For GASM DANSR AND CO
Chartered Accountants
Firm Registration No 0059865



Ganesan

Partner

Membership No. 218179

Place: Chennai

Date: 13/06/2022

UDIN: 22218179AKVNIB3263



RAINBOW FOUNDATIONS LIMITED
4, THANIKACHALAM ROAD,
T.NAGAR, CHENNAI - 600 017

Statement Of Audited Financial Results For The Quarter Ended 31st March 2022

Particulars	Rs. In Lakhs					
	Quarter Ended		Year ended		Previous Year	
	31-Mar-2022	31-Dec-2021	31-Mar-2021	31-Mar-2022	31-Dec-2021	31-Mar-2021
	Audited	Unaudited	Audited	Audited	Unaudited	Audited
I. Revenue from operations	185.41	632.23	996.43	3,601.92	3,416.51	3,461.88
II. Other Income	253.74	9.40	61.61	353.63	99.90	306.44
III. Total Revenue (I + II)	439.15	641.63	1,058.03	3,955.55	3,516.41	3,768.32
IV. Expenses:						
Purchase of Stock-in-Trade	54.11	560.74	785.39	2,730.11	2,676.00	2,632.34
Changes in inventories of Stock-in-Trade	98.92	(108.47)	(10.96)	218.64	119.73	34.40
Employee benefit expense	20.98	22.19	21.31	85.38	64.40	83.94
Financial costs	251.85	52.59	237.09	627.07	375.21	778.32
Depreciation and amortization expense	2.51	0.33	3.80	11.38	8.87	14.34
Other expenses	-34.13	88.17	18.66	158.02	192.15	72.63
Total Expenses	394.23	615.56	1,055.29	3,830.59	3,436.36	3,615.97
V. Profit before exceptional and extraordinary items and tax (III - IV)	44.92	26.07	2.75	124.96	80.05	152.35
VI. Exceptional Items (Profit after adjusting loss on sale of fixed asset)		-			-	
VII. Profit before extraordinary items and tax (V - VI)	44.92	26.07	2.75	124.96	80.05	152.35
VIII. Extraordinary Items (prior period expenses)		-			-	
IX. Profit before tax (VII - VIII)	44.92	26.07	2.75	124.96	80.05	152.35
X. Tax expense:						
(1) Current tax	40.33	-	34.67	92.12	51.79	34.67
(2) Deferred tax	2.86	-	3.30	2.86	-	3.30
XI. Profit(Loss) after tax (IX-X)	1.73	26.07	(35.22)	29.98	28.26	114.38
XII. Other comprehensive Income/(loss) for the period		-				
XIII. Total Comprehensive Income/(Loss) for the period (XI + XII)	1.73	26.07	(35.22)	29.98	28.26	114.38
XVI. Earning per equity share:						
(1) Basic	0.03	0.47	(0.64)	0.54	0.51	2.07
(2) Diluted	0.03	0.47	(0.64)	0.54	0.51	2.07

Notes:

- The above audited results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13/06/2022
- The financial result for the quarter ended 31st March 2022 are in compliance with the Indian Accounting Standard (INDAS) Rules, 2015 notified by the Ministry of Corporate Affairs.
- The figures for the corresponding previous period have been regrouped wherever necessary, to make them comparable with the figures of the current period.
- Figures for the quarter ended March 31, 2022 and March 31, 2021 represent the difference between audited figures for the financial year and the limited reviewed figures for the nine months period ended December 31, 2021 and December 31, 2020 respectively.

Chennai
Date: 13/06/2022



For and on behalf of the Board

(Signature)

(Gajraj Jain)
Joint Managing Director
DIN : 01182117

UDIN: 22218179AKVUEJ8342

RAINBOW FOUNDATIONS LIMITED
4, THANIKACHALAM ROAD,
T.NAGAR, CHENNAI - 600 017

Statement of assets and liabilities as per Regulation 33(3)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended:

	Rs. In Lakhs	
	As At 31-Mar-2022	As At 31-Mar-2021
ASSETS	Audited	Audited
Non-Current Assets		
(a) Property, Plant and Equipment	143.33	147.01
(b) Other Non-Current Assets	125.61	4.29
Current Assets		
(a) Inventories	26,569.66	23,759.64
(b) Financial Assets		
(i) Investments	51.30	43.43
(ii) Trade Receivables	161.57	316.12
(iii) Cash and Cash Equivalents	237.42	32.32
(iv) Loans	7,118.64	5,768.13
(v) Others	50.77	2.25
(c) Other Current Assets	136.19	213.36
TOTAL-ASSETS	34,594.49	30,286.55
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity Share Capital	551.31	551.31
(b) Other Equity	1,362.35	1,332.37
LIABILITIES		
Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	5,073.61	5,909.43
(b) Deferred Tax Liability (Net)	14.15	11.29
(c) Other Non Current Liabilities	-	11,851.62
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	19,024.55	5,395.24
(ii) Trade Payables	3,401.81	5,000.72
(b) Provisions	-	-
(c) Current Liabilities (Net)	5,166.70	234.56
TOTAL-EQUITY AND LIABILITIES	34,594.49	30,286.55



UDIN: 22218179AKVVEJ8342

RAINBOW FOUNDATIONS LIMITED
4, THANIKACHALAM ROAD,
T.NAGAR, CHENNAI - 600 017

This is forming Part of Quaterly Result of Rainbow Foundations Limited as on 31ST MARCH 2022 as required by SEBI Circular CIR/CFD/FAC/62/2016 dt.05/07/2016.

Reconciliation on Standalone Audited Financial Result to those reported under previous Generally Accepted Accounting Principal (GAAP) is summaries as follows:-

		Rs. In Lakhs
	Particulars	31-Mar-2022
	Profit after Tax as reported under Indian GAAP	1.73
	Adjustments on account of:	
1	Reversal of Depreciation on leasehold land being Operating lease	-
2	Recognition of amortisation of leasehold land being operating lease, in other expense	-
3	Measurement of financial assets and liabilities at amortised cost	-
4	Reversal of amortisation of Goodwill	-
5	Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost	-
6	Recognition of foreign exchange fluctuation as MTM of forward contracts	-
7	Reversal of Revenue on compliance with Ind AS	-
8	Reversal of Cost of Services on compliance with Ind AS	-
9	Deferred tax impact on above Ind AS adjustments	-
	Profit after Tax as reported under Ind AS	1.73

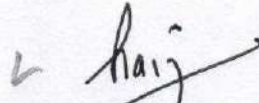
Notes:

The above Reconciliation on Standalone Audited Financial Result have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 44725

For and on behalf of the Board

Place: Chennai
Date: 13/06/2022




(Gajraj Jain)

Joint Managing Director
DIN : 01182117

UDIN: 22218179AKVUEJ8342

RAINBOW FOUNDATIONS LIMITED
REGD.OFF: 4, THANIKACHALAM ROAD, T.NAGAR, CHENNAI - 600 017.
CASH FLOW STATEMENT

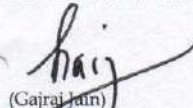
	2021-22	2020-21
	(Amount in Rs. Lakhs)	(Amount in Rs. Lakhs)
A. Cash Flow from Operating Activities		
Net Profit before taxation and extraordinary items	124.96	152.35
a. Adjustments for:		
Depreciation	11.38	14.34
Profit on sale of Assets	(0.71)	
Interest income	(347.01)	(301.27)
(Profit) / Loss on Redemption of Mutual Funds	(1.52)	(0.53)
Interest expense(net)	627.07	773.81
	289.21	486.35
c. Operating Profit before working capital changes	414.17	638.70
Trade and Other Receivables	141.52	258.25
Inventories	(2,810.02)	(2,276.10)
Trade and Other Payables	(1,365.58)	3,935.72
Total	(4,034.08)	1,917.87
d. Cash generated from operations	(3,619.91)	2,556.57
e. Income Taxes paid net of refund	(92.12)	(34.67)
f. Net Cash from operating activities	(3,712.03)	2,521.90
B. Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(7.99)	(2.01)
Proceeds from disposal of Property, Plant and Equipment	1.00	-
c. Loans & Deposits Given	(1,480.33)	(1,102.37)
d. Repayment of Loans & Deposits	392.81	660.41
e. Purchase of Mutual Funds	(36.25)	(57.00)
f. Redemption of Mutual Funds	29.90	14.13
g. Advances to subsidiaries/ firms	-	-
h. Interest Income	52.89	301.27
Net Cash Flow from Investing Activities	(1,047.97)	(185.57)
C. Cash Flow from Financing Activities		
a. Issue of shares/Capital introduced	-	-
b. Preference Dividend Paid	(0.46)	(0.56)
c. Proceeds from long term borrowings	4,860.32	3,700.00
d. Repayment of long term borrowings	(1,022.03)	(3,592.47)
e. Borrowings - Current (Net)	1,802.39	(1,664.94)
f. Refundable Security Deposit	(48.52)	
g. Net increase/(decrease) in other borrowings		
h. Interest paid	(626.61)	(773.81)
Net Cash from financing activities	4,965.10	(2,331.78)
Net increase in cash and cash equivalents	205.10	4.55
(A+B+C)		
Cash and cash equivalents at the beginning of the period	32.32	27.77
Cash and cash equivalents at the end of the period	237.42	32.32

The above Cash Flow Statement has been prepared under the indirect method set out in (Ind AS)7.

Place: Chennai

Date: 13/06/2022

For and on behalf of the Board


 (Gajraj Jain)

Joint Managing Director

DIN : 01182117



UDIN: 22218179AKVUEJ8342