



EIGHTEENTH ANNUAL REPORT 2016-2017

BOARD OF DIRECTORS

CHAIRMAN

MR. H. D. RAMSINGHANI
(Managing Director upto 31.05.2017)

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

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

WHOLE TIME DIRECTOR

MR S. S. ARORA (w.e.f 01.06.2017)

DIRECTORS

MR. D. N. SINGH
MR. R. G. KULKARNI
MRS. N. H. RAMSINGHANI
MR. N. R. JOSHI

COMPANY SECRETARY

MR. R. D. JOG

AUDITORS

DAYAL & LOHIA
CHARTERED ACCOUNTANTS

REGISTRARS & TRANSFER AGENT

LINK INTIME INDIA PVT.LTD.
C-101, 247 PARK, L. B. S MARG,
VIKHROLI (WEST), MUMBAI 400 078
TEL : 91-22-49186000
FAX : 91-22-49186060
EMAIL: rnt.helpdesk@linktime.co.in
Website : www.linkintime.com

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of RAINBOW DENIM LIMITED will be held on Thursday the 21st day of September 2017, at 10.00 a. m. at the Registered Office of the Company at Village Chaundheri, P O Dappar, Tehsil Derabassi, District Mohali, Punjab 140506 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2017 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H. D. Ramsinghani (DIN 00035416) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s Khandelwal & Mehta LLP, Chartered Accountants (Registration Number W100084) in place of the retiring Auditors as the Statutory Auditors and to consider, and if thought fit, to pass with or without modification, the following Resolution, as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 (2) and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under including any statutory modification or re enactment thereof for the time being in force M/s Khandelwal & Mehta LLP, Chartered Accountants, Mumbai (Registration Number W100084) be and are hereby appointed as the Statutory Auditors of the Company, in place of the retiring Statutory Auditors M/s Dayal and Lohia, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on such remuneration as may be finalized by the Board of Directors of the Company on the recommendations of the Audit Committee.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re enactments thereof for the time being in force) M/s. J Verma and Associates (Registration No. 100769) appointed by the Board of Directors as Cost Auditor for audit of cost records for the financial year 2017-18 be paid a remuneration of Rs 35,000/- plus applicable taxes and reimbursement of out of pocket expenses.”

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

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

“RESOLVED THAT pursuant to the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment thereto or re enactment thereof for the time being in force) and subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents and sanctions, the consent of the Members be and it is hereby accorded for the appointment of Mr. S S Arora (DIN 00033825) as the Whole Time Director of the Company for a period of Three Years from June 01, 2017 on the terms and conditions as set out in the draft agreement between the Company and Mr. S S Arora placed before the meeting and for the purpose of identification initialed by the Chairman hereof.”

“FURTHER RESOLVED THAT the Directors be and they are hereby authorised to execute the Agreement, in terms of the said draft with such alterations, changes and/or variations as may be agreed between the Directors and Mr. S S Arora.”

“FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take such steps as may be necessary to give effect to the above Resolutions.”

NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business specified in the Notice is annexed thereto.
2. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday the 14th day of September, 2017 to Thursday the 21st day of September, 2017 (both days inclusive).
4. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public Holidays from 11.00 am to 1.00 pm up to the date of the meeting.
5. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at the Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
6. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
7. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a ‘Green Initiative in Corporate Governance’ and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.
8. The Company is pleased to provide e-voting facility through Central Depository Services (India) Limited (CDSL) to enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice dated August 4, 2017 for the 18th Annual General Meeting of the Company.

e-Voting instructions

The instructions for members for voting electronically are as under ;

- (I) The voting period begins on 18/09/2017 at 9.00 am and ends on 20/09/2017 at 5.00 pm. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 14, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(II) Procedure :

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

(i) Click on Shareholders.

(ii) Now Enter your User ID

a. For CDSL: 16 digit beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digit Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

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

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

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

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

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

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

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

(x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xiii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xiv) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xv) 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.

(xvi) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(III) The Company has appointed Mr Ajay K Arora, Practicing Company Secretary (Membership Number FCS 2191) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(IV) The results shall be declared after the Annual General Meeting. The results along with the Scrutinizer's report shall be placed on the website of the Company and also communicated to the stock Exchange.

(V) In case you have any queries or issues regarding e-voting, you may refer the "Frequently Asked Questions" (FAQs) and e-voting manual available at www.evotingindia.com under help section or send an email to helpdesk.evoting@cdslindia.com.

By Order of the Board
For RAINBOW DENIM LTD.

Place : Mumbai
Dated : August 4, 2017

R. D JOG
COMPANY SECRETARY

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

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

ITEM NO 4

The Board on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. J Verma and Associates (Registration No. 100769) as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

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

ITEM NO 5

Resolution under Item No. 5 of the Notice relates to the appointment of Mr. S S Arora (DIN 00033825) as the Whole Time Director of the Company for a period of three years from June 01, 2017. The appointment as aforesaid has been approved by the Board of Directors and the Remuneration Committee at their meetings held on May 26, 2017.

The terms of appointment including remuneration are as follows:

Designation	: Whole Time Director
Date of appointment	: May 26, 2017
Effective date of Appointment	: June 1, 2017
Period of appointment	: Three years from June 1, 2017

Remuneration

- (a) Salary : Consolidated Salary of Rs 2,00,000/- per month
- (b) Perquisites and Allowances :

In addition to salary, the following perquisites / allowances shall be allowed to the Whole Time Director.

CATEGORY – A

- (i) The Company shall contribute towards Provident Fund/ Superannuation Fund / Annuity Fund etc. or pay allowance in lieu thereof as per rules of the Company.
- (ii) The Company shall pay Gratuity as per rules of the Company.
- (iii) Privilege Leave on full pay and allowances, as per rules of the Company but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed will be allowed to be encashed at the end of the term.
- (iv) Benefit of Sick Leave in accordance with the rules of the Company.

The above shall not be included in the computation of ceiling on remuneration or perquisites for the purpose of Schedule V of the Companies Act, 2013.

CATEGORY – B

- (i) The Company shall provide a car at the entire cost of the Company for use on Company's business and the same will not be considered as perquisites.
- (ii) The Company shall provide telephone(s) and other communication facilities at the residence of the Whole Time Director at the entire cost of the Company for use on Company's business and the same shall not be considered as perquisites.

Other Terms

- a) The appointee shall not be entitled to sitting fees for attending the meetings of the Board and/or committees thereof.
- b) The appointee shall not as long as he continues to be the Whole Time Director of the Company become interested or otherwise concerned directly or indirectly in any selling agency without the approval of the members, if required.

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the prior approval of the Central Government, if required, exceed the limits specified in Section II of Part II of Schedule V of the Companies Act, 2013 computed on the basis of the Effective Capital of the Company as defined in the explanation I under Para 2 of Section IV of Part II to Schedule V of the Companies Act, 2013 as in force for the time being or as may be amended from time to time.”

By Order of the Board
For RAINBOW DENIM LTD.

Place : Mumbai
Dated : August 4, 2017

R. D. JOG
COMPANY SECRETARY

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

INFORMATION PURSUANT TO SEBI (LODR) REGULATIONS, 2015

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

Reappointment

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

Mr. H. D. Ramsinghani has done his Post Graduation in Management from USA and has over 33 years of rich and varied experience in the field of Textiles, Petrochemicals and Fertilizers.

Mr. H. D. Ramsinghani has been associated with the Company from its incorporation and was the Managing Director of the Company up to May 31, 2017 and holds eight shares of the Company.

He is the Chairman and Managing Director of Rainbow Agri Industries Limited and the Joint Managing Director of Rama Phosphates Limited. He is also a Director of Rama Industries Ltd and Nova Gelicon Pvt. Ltd. He is a Committee Member / Chairman in the following Companies:

Name of the Company	Name of the Committee	Designation
Rainbow Denim Ltd	Stakeholders Committee Audit Committee	Member
Rama Phosphates Ltd	Stakeholders Committee Audit Committee	Member Member
Rama Industries Ltd	Audit Committee	Member
Rama Petrochemicals Ltd	Stakeholders Committee	Member

Appointment

Mr. S. S. Arora has been appointed as the Whole Time Director of the Company w e f June 1, 2017 by the Board of Directors on the recommendations of the Nomination and Remuneration Committee.

Mr. S. S. Arora is a Commerce Graduate and has over 32 years of rich and varied experience in the field of Textiles, Fertilizers and Petrochemicals. Mr. S.S. Arora has been a Director of the Company since March 2001 and was the Whole Time Director upto May 31, 2012. He holds 65349 Equity Shares of the Company. He is not a Director nor a member of any committee in any other Company.

DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2017.

FINANCIAL RESULTS**(₹ in lacs)**

	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Profit/(Loss) before Depreciation	(691.77)	(521.74)
Depreciation	305.44	450.91
Profit/(Loss) after Depreciation	(997.21)	(972.65)
Profit/(Loss) before Tax	(997.21)	(972.65)
Tax expenses	Nil	Nil
Net Profit/(Loss) for the year	(997.21)	(972.65)

DIVIDEND

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

REVIEW OF OPERATIONS

The total production of Denim fabric during the year under review was 117.18 million meters as compared to 137.11 million meters during the previous year. The Company has achieved a sales turnover of ₹ 18013.52 lakh during the year under review as compared to a turnover of ₹ 22080.40 lakh during the previous year.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India is a major denim producing country in the Asia and Pacific region and the Indian Denim market is growing rapidly at about 10% to 15% per annum. The domestic capacity is expected to increase to about 2000 million meters and about 25% of the current production is being presently exported. The favorable market conditions have led to increase in denim capacity by several manufacturing units with state of the art technology and entry of leading global brands.

FUTURE PROSPECTS

India has a lot of potential for the Denim industry due to rising income levels, growth of retail sector and growing westernization trend in the country. Denim is a staple product not only in major cities but also in the smaller towns and villages across the country. The industry will benefit from the various initiatives being taken by the Government of India ensuring its steady growth in the coming years.

CORPORATE GOVERNANCE

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. Appropriate policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and the loss of the Company for the year ended March 31, 2017;