



NINETEENTH ANNUAL REPORT 2017-2018

BOARD OF DIRECTORS

CHAIRMAN

MR H. D. RAMSINGHANI

WHOLE TIME DIRECTOR

MR S. S. ARORA

DIRECTORS

MR. D. N. SINGH

MR. R. G. KULKARNI

MR. N. R. JOSHI (Upto 02.08.2018)

AUDITORS

KHANDELWAL & MEHTA LLP

CHARTERED ACCOUNTANTS

REGISTERED OFFICE & WORKS

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

CIN: L18101PB1999PLC022452

Email: rainbow@rainbowdenim.com

Website : www.rainbowdenim.com

Tel: 01762- 248810/11/12;

Fax : 01762-248761/248809

CORPORATE OFFICE

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

Email : cs@rainbowdenim.com

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

Fax : (91-22) 2204 9946

REGISTRARS & TRANSFER AGENT

LINK INTIME INDIA PVT.LTD.

C-101, 247 PARK, L. B. S MARG,
VIKHROLI (WEST), MUMBAI 400 078

TEL : 91-22-49186000

FAX : 91-22-49186060

EMAIL: rnt.helpdesk@linktime.co.in

Website : www.linkintime.com

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of RAINBOW DENIM LIMITED will be held on Tuesday the 18th day of September 2018, 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, 2018 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) 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, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the 24th 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. Pawan & Associates (Registration No. 101729) appointed by the Board of Directors as Cost Auditor for audit of cost records for the financial year 2018-19 be paid a remuneration of ₹ 35,000/- plus applicable taxes and reimbursement of out of pocket expenses.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable provisions if any, consent of members of the Company be and it is hereby accorded for continuation of Directorship of Shri D N Singh (DIN 00021741) , who was appointed as Independent Director of the Company for a period of 5 years at the 15th Annual General Meeting of the Company held on September 19, 2014 till conclusion of 20th Annual General Meeting by way of special resolution and who has attained the age of 75 years, for the remaining period of his existing term of Directorship as an Independent Director of the Company.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business specified in the Notice is annexed thereto.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 11th day of September, 2018 to Tuesday the 18th day of September, 2018 (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 July 20, 2018 for the 19th 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 15/09/2018 at 9.00 am and ends on 17/09/2018 at 5.00 pm. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 11, 2018, 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 address Slip 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.

H. D. RAMSINGHANI
CHAIRMAN
DIN : 00035416

Place : Mumbai
Dated : July 20, 2018

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 NINETEENTH 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. Pawan & Associates (Registration No. 101729) as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

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, 2019.

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

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on June 7, 2018 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Shri D.N. Singh who was appointed as an Independent Director of the Company at the 15th Annual General Meeting of the Company held on September 18, 2014 for a period of five years by way of special resolution has attained the age of 75 years.

The experience and valuable guidance of the above mentioned Independent Director is beneficial to the Company.

The Board recommends the resolution for approval of shareholders by way of special resolution.

Except the above Director, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Board
For RAINBOW DENIM LTD.

Place : Mumbai
Dated : July 20, 2018

H. D. RAMSINGHANI
CHAIRMAN
DIN : 00035416

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 Director 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 34 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 Managing Director of Rama Phosphates Limited. He is also a Director of Rama Petrochemicals Ltd, 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

DIRECTORS REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2018.

FINANCIAL RESULTS

(₹ in Lacs)

	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017
Profit/(Loss) before Depreciation	(289.25)	(596.12)
Depreciation	226.83	305.44
Profit/(Loss) after Depreciation	(516.08)	(901.56)
Profit/(Loss) before Tax	(516.08)	(901.56)
Tax expenses	Nil	Nil
Net Profit/(Loss) for the year	(516.08)	(901.56)

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR AND THE STATE OF COMPANY'S AFFAIRS

The total production of Denim fabric during the year under review was 107.05 million meters as compared to 117.18 million meters during the previous year. The Company has achieved a sales turnover of ₹14752 lakh during the year under review as compared to a turnover of ₹ 18013 lakh during the previous year.

DIVIDEND

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

FUTURE PROSPECTS

The Denim fabric industry is a cyclical industry as a result of which there are periods of large over capacity. The present down turn is expected to be prolonged for a few more years after which the industry is expected to stabilize. The Denim Industry has a long term potential due to the versatile fashion appeal, growing income levels and untapped semi urban population.

RESERVES

No appropriations were made to any specific Reserves for the year under review.

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, 2018 and the loss of the Company for the year ended March 31, 2018;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The annual accounts have been prepared on a going concern basis;
5. Internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

AUDIT COMMITTEE

The Company has constituted an Audit Committee which presently comprises of the following Directors viz. Mr. N.R. Joshi – Chairman, Mr. D.N. Singh, Mr. H D Ramsinghani and Mr. R G Kulkarni. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board. There were no instances when the recommendations of the Audit Committee were not accepted by the Board during the year under review.

OTHER COMMITTEES

The Stakeholders Relationship Committee which presently consists of Mr. D. N. Singh (Chairman), Mr. H. D. Ramsinghani and Mr. S. S. Arora.

The Risk Management Committee which presently consists of Mr. D.N. Singh (Chairman), Mr. H. D. Ramsinghani, Mr. R. G. Kulkarni and Mr. N. R. Joshi. The Board has formulated a Risk Management Policy covering various risks associated with the business of the Company.

The Nomination and Remuneration Committee which presently consists of Mr. R. G. Kulkarni (Chairman), Mr. D. N. Singh and Mr. N. R. Joshi.

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

WEB ADDRESS

The Annual Return referred to in Section 92(3) of the Companies act, 2013 and other details about the Company are available on the website of the Company www.rainbowdenim.com.

SHARE CAPITAL

There was no change in the share capital structure of the Company.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any Subsidiary/Joint Venture/Associate Company as on the date of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments, if any, are given under the Notes to Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered in to with Related Parties during the year under review were on an arm's length basis at prevailing market rates. There were no material related party transactions with the Promoters, Directors or the Key Managerial Personnel or their relatives during the year under review.

CHANGE IN NATURE OF BUSINESS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNIG & OUTGO

Information relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo to the extent applicable, is annexed hereto as Annexure A and forms a part of this Report.