





RAINBOW FOUNDATIONS LIMITED

Our Company was originally incorporated as a Public Limited Company in the name and style of “Rainbow Holiday Resorts International Limited” under the provisions of the Companies Act, 1956, vide certificate of incorporation issued on June 07, 1994, by the Registrar of Companies, Tamil Nadu. Our Company received the certificate for commencement of business on July 26, 1994, issued by the Registrar of Companies, Tamil Nadu. The name of our company was later changed to its present name “Rainbow Foundations Limited” and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Tamil Nadu with effect from October 16, 1996. For details of changes in the name, see “General Information” on page 45.

Corporate Identity Number: L55101TN1994PLC027739
Registered & Corporate Office: No. 4, Thanikachalam Road, T. Nagar, Chennai, Tamil Nadu- 600017;
Telephone: +91- 044-24344647, 24354647;
Contact Person: Mrs. Niroshaa Kathiravan, Company Secretary and Compliance Officer
Email: rfl.rightsissue@gmail.com; **Website:** www.rainbowfoundations.in

OUR PROMOTERS: MR. ANOPCHAND JAIN , MR. GAJRAJ JAIN, MR. NAVIN KUMAR JAIN, MR. VIKASH KUMAR JAIN, MR. NITESH JAIN, MR. ASHISH JAIN, MRS. SARALA JAIN, MS. LALITHA JAIN, MRS. N. ANITHA JAIN, MRS. SAPNA, ANOP CHAND JAIN HUF, GAJRAJ JAIN HUF, NAVIN AND SONS, VIKASH JAIN HUF
WILFUL DEFAULTER
NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS CATEGORISED AS A WILFUL DEFAULTER
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF RAINBOW FOUNDATIONS LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY
ISSUE OF UP TO 4,41,04,800 (FOUR CRORES FORTY ONE LAKHS FOUR THOUSAND EIGHT HUNDRED) FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF RS. 11 EACH PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT UP TO RS. 48,51,52,800 (RUPEES FORTY EIGHT CRORES FIFTY ONE LAKH FIFTY TWO THOUSAND EIGHT HUNDRED ONLY) ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 8 (EIGHT) RIGHTS EQUITY SHARE FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARE HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.1 (ONE POINT ONE) TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 151.
GENERAL RISKS
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of our Company and the offer including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. Specific attention of investors is invited to the statement of “Risk Factors” on page 21 of this Draft Letter of Offer.
ISSUER’S ABSOLUTE RESPONSIBILITY
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING
The existing Equity Shares are listed on the BSE Limited (“BSE” or “Stock Exchange”). Our Company has received ‘in-principle’ approval from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated [●]. Our Company will also make an application to the Stock Exchange to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
	Turnaround Corporate Advisors Private Limited CIN: U74140DL2015PTC278474 714, Vishwadeep Building, Plot No. 4, District Centre, Janakpuri, New Delhi- 110058 Tel: +91-11-45510390, 41395590 E-mail: Info@tcagroup.in Investor Grievance Email: complaints@tcagroup.in Website: www.tcagroup.in Contact Person: Mr. Heemadri Mukerjee SEBI Registration No.: MB/INM000012290		Cameo Corporate Services Limited CIN: U67120TN1998PLC041613- "Subramanian Building" No.1, Club House Road, Chennai, Tamil Nadu- 600002 Tel : +91- 44 -40020700 E-mail: priya@cameoindia.com Investor Grievance Email: investor@cameoindia.com Website: https://rights.cameoindia.com/rainbow Contact Person: Ms. K Sreepriya SEBI Registration No.: INR000003753
ISSUE PROGRAMME			
ISSUE OPENS ON		LAST DATE FOR ON MARKET RENUNCIATION*	
[●]		[●]	
ISSUE CLOSES ON#		[●]	

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meanings as provided below.

The words and expressions used in this Draft Letter of Offer but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, SEBI ICDR Regulations, the SEBI LODR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in the sections/ chapters titled “**Offer Document Summary**”, “**Financial Information**”, “**Statement of Special Tax Benefits**”, “**Outstanding Litigations and Material Developments**”, “**Terms of the Issue**” on pages 19, 82, 57, 135 and 151 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

GENERAL TERMS

Term	Description
“Rainbow Foundations Limited” or “our Company”, or “the Company” or “the Issuer”	Rainbow Foundations Limited, a public limited company incorporated in India under the Companies Act, 1956, having its registered and corporate office at No. 4, Thanikachalam Road, T. Nagar, Chennai, Tamil Nadu- 600017
“we” or “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company.

COMPANY RELATED TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of our Company, as amended from time to time
Auditors	The Statutory Auditors of the Company, being M/s Gasm Dansr And Co., Chartered Accountants
Board /Board of Directors	The Board of Directors of our company or a duly constituted committee thereof.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Compliance Officer	The compliance officer of our Company in relation to the Issue
Equity Shares	The Equity Shares of our Company of face value of Rs. 10 each
Group Companies/Entities	In terms of SEBI ICDR Regulations, the term “group companies” includes companies (other than our Promoter) with which there were related party transactions as disclosed in the Financial Statements as covered under the applicable accounting standards, and any other companies as considered material by our Board, in accordance with the Materiality Policy.
Independent Director	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI LODR Regulations

KMP/ Key Managerial Personnel	Key Managerial Personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in “ Our Management ” on page 73.
Memorandum/ MOA/ Memorandum of Association	Memorandum of association of our Company, as amended from time to time
Promoter(s)	<ol style="list-style-type: none"> 1. Mr. Anopchand Jain 2. Mr. Gajraj Jain 3. Mr. Navin Kumar Jain 4. Mr. Vikash Kumar Jain, 5. Mr. Nitesh Jain, 6. Mr. Ashish Jain 7. Mrs. Sarala Jain 8. Ms. Lalitha Jain 9. Mrs. N. Anitha Jain, 10. Mrs. Sapna, 11. Anop Chand Jain HUF 12. Gajraj Jain HUF, 13. Navin And Sons 14. Vikash Jain HUF
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office/ Registered Office of the Company	The Registered Office of our Company located at No. 4, Thanikachalam Road, T. Nagar, Chennai, Tamil Nadu- 600017
Registrar of Companies /ROC	Registrar of Companies, Chennai
Shareholders / Equity Shareholder	The equity shareholders of our Company, from time to time

ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot/Allotted/Allotment/Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●].
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue.

Applicant(s) /Investor(s)	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this Draft Letter of Offer.
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R- WAP, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through R-WAP facility or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	The number of Equity Shares applied for and as indicated in the Application Form multiplied by Issue Price per Equity Share payable by the Applicants on submission of the Application Form.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by all Applicants to make application authorizing a SCSB to block the application amount in the ASBA Account maintained with such SCSB.
ASBA Account	An account maintained with the SCSB and specified in the application form submitted by ASBA applicant for blocking the amount mentioned in the application form.
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Banker to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being [●].
Banker to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/ Investors and providing such other facilities and services as specified in the agreement.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ Terms of the Issue ” on page 151.
BSE	BSE Limited
Controlling Branch of SCSB	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depositories	NSDL and CDSL registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time.

Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available http://www.sebi.gov.in
Designated Stock Exchange	BSE Limited
DP	Depository Participant
DP ID	Depository Participant's Identity number
Draft Letter of Offer	The Draft Letter of Offer dated December 18, 2021 to be filed with the Stock Exchange
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "Notice to Investors" on page [●].
Escrow Account/ Rights Issue Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, [●].
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018
IEPF	Investor Education and Protection Fund
ISIN	International securities identification number
Issue / Rights Issue	Issue of up to 4,41,04,800 (Four Crores Forty One Lakhs Four Thousand Eight Hundred) Rights Equity Shares for cash at a price of Rs. 11 (Rupees Eleven only) per Rights Equity Share, for an aggregate amount up to Rs. 48,51,52,800 (Rupees Forty Eight Crores Fifty One Lakh Fifty Two Thousand Eight Hundred Only) on a rights basis by our Company to the Eligible Equity Shareholders in the ratio of 8 (Eight) Rights Equity Shares for every 1 (One) Equity Share held by the Eligible Equity Shareholders on the Record Date.
Issue Agreement	Issue agreement dated December 17, 2021 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	The price at which Equity Shares will be Issued and allotted by our Company being Rs. 11/- (Rupees Eleven only) per Equity Share.
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	The issue of up to 4,41,04,800 (Four Crores Forty One Lakhs Four Thousand Eight Hundred) Rights Equity Shares aggregating to an amount up to Rs. 48,51,52,800 (Rupees Forty Eight Crores Fifty One Lakh Fifty Two Thousand Eight Hundred Only).
LM / Lead Manager	The Lead Manager for the Issue being Turnaround Corporate Advisors Private Limited
Letter of Offer / LOF	This letter of offer dated [●] filed with the Stock Exchange and SEBI
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However, supplementary applications in

	relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue-related expenses. For details, see “ Objects of the Issue ” on page 54.
Non Institutional Investors/NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●].
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
Other/ Non Retail Investors	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1) (ss) of SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being [●].
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar/ Registrar to the Issue/RTI	Cameo Corporate Services Limited
Registrar Agreement	Agreement dated November 25, 2021 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI– Rights Issue Circular, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than Rs. 2,00,000 (Rupees Two Lakhs only) (including an HUF applying through karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being 8 (Eight) Rights Equity Share for every 1 (One) Equity Share held by the Eligible Equity Shareholder on the Record Date.

	Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and the link of which is available on the website of our Company.
Rights Equity Shares / Rights Shares	Equity Shares of our Company to be Allotted pursuant to the Issue.
R – WAP	Registrar’s web-based application platform accessible at https://rights.cameoindia.com/rainbow , instituted as an optional mechanism in accordance with SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24 2020; and SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/ submitting online Application Forms by resident public Investors. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts
Revision Form	The form used by the Applicants to modify the quantity of Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s), as applicable.
SEBI Relaxation Circulars	SEBI Circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021.
SEBI– Rights Issue Circular	Collectively, SEBI Circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI Circular bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI ICDR Regulations/ SEBI (ICDR) Regulations/ SEBI (ICDR) Regulations, 2018	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018 as amended from time to time.
SEBI LODR Regulations/SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
SEBI Takeover Regulations/SEBI (SAST) Regulations/ SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.

SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
Self Certified Syndicate Bank or SCSB	Banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , and as updated from time to time
Stock Exchange	BSE Limited
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Days	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai and Delhi are open for business; provided however, with reference to Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays.

TECHNICAL/INDUSTRY RELATED TERMS/ ABBREVIATIONS

Term	Description
BEP	Break-Even Point
COD	Commercial Operation Date
CTE	Consent To Establishment
CTO	Consent To Operate
DG Set	Diesel Generator Set
DP	Drawing Power
DDGS	Dried Distillers Grains with Soluble
DWGS	Distillers Wet Grains Soluble
ENA	Extra Neutral Alcohol
ETP	Effluent Treatment Plant
IMFL	Indian-Made Foreign Liquor
KLPD	Kilo Litre Per Day
kVA	Kilovolt-Ampere
kW	Kilowatt
LED	Light-Emitting Diode
ML	Milliliter
MPBF	Maximum Permissible Banking Finance
MPR Distillation	Multipressure Distillation
MW	Megawatt
pH	Potential of Hydrogen
PML	Punjab Medium Liquor
PSA	Pressure Swing Adsorption
RS	Rectified Spirit

SCADA software	Supervisory Control and Data Acquisition Software
TPH	Ton per Hour
BEP	Break-Even Point
COD	Commercial Operation Date

CONVENTIONAL TERMS/ ABBREVIATIONS

Term	Description
AIF/Alternative Investment Funds	Alternative Investment Funds as defined and registered under the SEBI AIF Regulations
AGM	Annual General Meeting
AMC	Annual Maintenance Contract
ASBA	Application Supported by Blocked Amount
A.Y.	Assessment Year
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BV / NAV	Book value / Net Asset Value
CAGR	Compounded Annual Growth Rate.
CARO	Companies (Auditor's Report) Order, 2016
CDSL	Central Depository Services (India) Ltd.
CIN	Corporate Identity Number
Client ID	Client identification number of the Bidder's beneficiary account
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
Depository	A body corporate registered under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time i.e. NSDL and CDSL.
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant /DP	A depository participant as defined under the Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's identification number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESOP	Employees Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FCRA	Foreign Contribution (Regulation) Act, 2010
FDI	Foreign Direct Investment
FDI Policy 2017/FDI Policy	The Consolidated FDI Policy, effective from August 28, 2017, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII	Foreign Institutional Investors as defined under the SEBI FPI Regulations
FIPB	Foreign Investment Promotion Board.

Financial Year /fiscal year/FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FMS	Facility Management Services
FPIs	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investor
Government/ GOI	The Government of India.
GAAP	Generally Accepted Accounting Principles
GAAR	General Anti Avoidance Rules
GIGW	Guidelines For Indian Government Websites
GST	Goods and Service Tax
HUF	Hindu Undivided Family
IAAS	Infrastructure as a Service
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act 2013 and referred to in the Ind AS Rules
Ind AS 24	Indian Accounting Standard 24 on Related Party Disclosure issued by the MCA
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
INR or Rupee or Rs.	Indian Rupee, the official currency of the Republic of India
IPO	Initial Public Issue
IRDA	Insurance Regulatory and Development Authority.
IT Act/ I. T. Act	Income-Tax Act, 1961
KYC	Know Your Customer
MAT	Minimum Alternate Tax
MCA	The Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition (nine digit code as appearing on a cheque leaf)
Mn, mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
N.A.	Not Applicable
NAV	Net asset value.
NBFC	Non-banking Financial Company
NBFC – ND – SI	Systemically Important Non-Deposit Taking NBFC
NBFC – SI	Systemically important non-banking financial company, as covered under Regulation 2(1)(ss)(xiii) of the SEBI ICDR Regulations
NCR	National Capital Region
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
NR/Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account.
NRI/Non-Resident Indian	A non-resident Indian as defined under the FEMA Regulations
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited

OCB/ Overseas Corporate Body	A company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty percent by NRIs and includes an overseas trust in which not less than 60% beneficial interest is held by NRIs directly or indirectly but irrevocably and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the relevant regulations issued under FEMA
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act, 1933
RONW	Return on Net worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the Securities Act, 1933
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
Securities Act	United States Securities Act of 1933, as amended
STT	Securities Transaction Tax
UK	United Kingdom
U.S./U.S.A.	United States of America
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
Wilful Defaulter	Wilful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations

NOTICE TO INVESTORS

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them, subject to compliance with relevant SEBI circulars/ notices giving/ extending relaxation in dispatch of physical issue material to those eligible equity shareholders who have not provided a valid email address to the Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on R-WAP, subject to the applicable law.

Our Company shall also endeavor to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company, subject to compliance with relevant SEBI circulars/ notices giving/ extending relaxation in dispatch of physical issue material to those eligible equity shareholders who have not provided a valid email address to the Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except in India. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, or other Issue Materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer (“**Restricted Jurisdictions**”) and, in those circumstances, the Letter of Offer or any other Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, or any other Issue Materials should not distribute such document(s) to any person outside India where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, or any other Issue Materials is received by any person in any Restricted Jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares. Rights Entitlements may not be transferred or sold to any person outside India.

Envelopes containing an Application Form should not be postmarked or otherwise dispatched from any Restricted Jurisdiction, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India.

Neither the delivery of this Draft Letter of Offer, the Letter of Offer, or any other Issue Materials nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information

contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or any other Issue Materials or the date of such information.

The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the purchase or sale of Rights Equity Shares or Rights Entitlements. Accordingly, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

The Rights Entitlements and the Rights Equity Shares have not been approved, disapproved or recommended by the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authority of any other jurisdiction or any other regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

Notice to Investors in the United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States of America and may not be offered or sold in the United States of America, its territories and possessions, any State of the United States, and the District of Columbia (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The Rights Entitlements and Rights Equity Shares are being offered and sold only (a) to persons in the United States who are reasonably believed to be qualified institutional buyers as defined in Rule 144A under the Securities Act (“**U.S. QIBs**”) pursuant to Section 4(a)(2) of the Securities Act and (b) to persons outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares in the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

The Exchange Information and this Draft Letter of Offer have been prepared in accordance with content, format and style that is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, (i) our Company’s financial information contained in the Exchange Information and this Draft Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the United States Securities Commission and (ii) this Draft Letter of Offer does not include all of the information that would be required if our Company were registering the offer and sale of the Rights Entitlements and the Rights Equity Shares under the Securities Act.

Our Company is a limited liability company incorporated under the laws of India. All of our Company’s Directors and key management personnel are residents of India and a substantial portion of our

Company's assets and such persons are located in India. As a result (i) it may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, (ii) you may not be able to sue our Company, our Directors and our key management personnel in an Indian court for violations of the U.S. securities laws, and (iii) it may be difficult to compel our Company and our affiliates to be subject to a U.S. court's judgment.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Financial Statements. For details, please see “**Financial Information**” on page 82. Our Company’s financial year commences on April 01 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian Accounting Standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”).

The Financial Statements of our Company for the Financial Years ended March 2019, 2020 and 2021 are prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act. The Limited Reviewed Financial Statements of our Company for the three months period ended September 30, 2021 is prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and SEBI LODR Regulations. Our Company publishes its financial statements in Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and

regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “Financial Information” on page 82.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to the Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to the United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to the Euro, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “**Risk Factors**”, “**Our Business**”, “**Management’s Discussion and Analysis of Financial Conditions and Results of Operation**” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, the LM or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “**Risk Factors**” on page 21 of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward- looking statements'. Investors can generally identify forward-looking statements by terminology including 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'future', 'forecast', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'target', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward- looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward- looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.
- Our business operation is concentrated in one state i.e Tamil Nadu. Regional slowdown, change in state specific laws etc. may adversely affect our business operation and financial condition.
- We rely on independent contractors to execute our projects and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows.
- Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.
- Implication of environment laws in execution of the Projects.
- Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.
- Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.
- A slowdown in economic growth in India and globally could cause our business to suffer.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections "**Risk Factors**", "**Our Business**" and "**Management's Discussion and Analysis of Financial Position and Results of Operations**" on pages 21, 63 and 127, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as at the date of this Draft Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the

uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. None of our Company, our Directors, the Lead Manager nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date of this Letter of Offer or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SECTION II - OFFER DOCUMENT SUMMARY

Our Company is primarily engaged in the business of identifying, developing & promoting highly potential real estates for the purpose of development and selling of commercial and Residential Apartments in various places of Tamil Nadu.

Objects of the Issue:

The details of the Objects of the Issue are set forth in the following table:

Particulars	Amount in Rs. Lakh
Redemption of upto 3,65,00,000 (Three Crore Sixty Five Lakhs only) 0.01% Non- Convertible Redeemable Cumulative Preference Shares (NCRCPs) of Rs. 10 (Rupees Ten only) each	3650.00
General Corporate Purposes	1166.53
Issue related expenses	35.00
Gross Proceeds from the Issue	4,851.53

Means of Finance:

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Intention and extent of participation by our Promoter(s) and Promoter Group in this Issue:

Pursuant to letter dated December 16, 2021 ("Subscription Letter"), Gajraj Jain, one of our Promoters, have confirmed that they, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe to the full extent of their Rights Entitlements in the Issue and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI LODR Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Outstanding Litigations:

A summary of the pending proceedings and other material litigations is as follows:

Nature of Cases	Number of proceedings	Total amount involved (in rs. Cr)
Litigations involving our Company		
Civil litigations against our Company	3	2.65
Taxation matters*	1	8.85

* For further details of the summons received by our Company please refer to the chapter entitled 'Outstanding Litigation and Other Defaults' beginning on page 135.

Risk Factors:

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares of the Company, material litigations which impact the business of the Company and other economic factors please see “Risk Factors” on page 21 of this Letter of Offer.

Contingent Liabilities:

As of March 31, 2021, we have certain contingent liabilities that had not been provided for, as per Ind AS 37. Details of the same are as under:

Sr. No.	Particulars	Amount
	Contingent liabilities:	
	Claims against the Company not acknowledged as debt	
	The Company’s appeal is pending at various stages for Outstanding demand of Income Tax	Rs. 8,85,15,558

For disclosure of contingent liabilities as per Ind AS 37 as at March 31, 2021 please see the section Financial Statements – “*Note 34 Accompanying Notes to the financial statement*” in the chapter Financial Information beginning from page 82 of this Draft Letter of Offer.

Related Party Transactions:

For details of related party transactions of our Company, as per the requirements under Ind AS 24 ‘Related Party Disclosures’ for FY ending March 31, 2021 please see Financial Statements on page 82 of this Letter of Offer.

Financing Arrangements:

There have been no financing arrangements whereby the Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Letter of Offer.

Issuance of Equity Shares for Consideration other than cash:

Our Company has not issued Equity Shares for consideration other than cash during the last one year immediately preceding the date of filing of this Letter of Offer.

SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

- 1. Our Company is required to comply with environmental legislations and failure to comply with applicable environmental norms could adversely impact our business, results of operation and financial condition.**

We are, primarily, in the business of construction wherein we are subject to a number of conditions including stipulations on compliance with central and local environmental norms. While our Company seeks to be compliant with applicable laws, and has made applications to obtain the relevant approvals in respect of certain contracts, on various contracts including those with a shorter time frame, in some instances there can be some delay in receipt of requisite approvals.

Indian environmental laws impose strict conditions and failure to comply with these conditions could result in significant penalties and also lead to the imprisonment of the persons who are ‘in charge of, and responsible to the company for the conduct of the business of the company’. Therefore, if proceedings are initiated and punitive action follows, we could be subject to heavy monetary penalties and, our Promoters and/or Directors, who could be deemed to be responsible for conducting our business and operations, could face strict actions.

If the aforementioned risk materializes, our business, reputation, results of operations and financial conditions could be severely, materially and adversely affected.

- 2. There are outstanding litigations involving our Company which, if determined against us, may adversely affect our business and financial condition.**

As on the date of this Letter of Offer, our Company is involved in certain legal proceedings. There are various outstanding legal proceedings against our Company pending at various levels of adjudication before various courts, tribunals and authorities in India. In addition, our Company is also subject to risks of litigation including public interest litigation, contract, employment related, personal injury and property damage.

We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company.

There can be no assurance that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred on account of third parties, regardless of whether we are at fault. Even if we are successful in defending such cases, we may be subject to legal and other costs incurred pursuant to defending such litigation. There can be no assurance that losses relating to litigation will be covered by insurance or that any such losses would not have a material adverse effect on the results of our operations or financial condition.

A summary of the pending proceedings and other material litigations is as follows:

Nature of Cases	Number of proceedings	Total amount involved (in rs. Cr)
Litigations involving our Company		
Civil litigations against our Company	3	2.65
Taxation matters*	1	8.85

* For further details of the summons received by our Company please refer to the chapter entitled ‘Outstanding Litigation and Other Defaults’ beginning on page 135.

3. Our Company does not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability or quality of, such raw materials could have an adverse effect on our business and results of operations.

We are in the business of construction and our business depends on the availability of reasonably priced, high quality raw materials in the quantities required by us. During Fiscal 2021 and Fiscal 2020 our cost of materials consumed on a was 2666.74 lakhs and 1874.24 lakhs, comprising 70.77% and 64.27%, respectively, of our total consolidated revenue. The price and availability of such raw materials is subject to supply side disruptions and is dependent on several factors beyond our control including overall economic conditions, Indian regulatory environment, production levels and competition. Further, raw materials are subject to price volatility.

We do not have any contracts with, or long-term arrangements for sourcing raw materials from suppliers. The absence of long-term contracts at fixed prices makes us susceptible to short-term supply challenges and exposes us to volatility in the prices of raw materials. Generally, our contracts do not permit cost escalation in the event of an increase in the price of raw materials, and if we are unable to source raw materials on commercially viable terms or if we are unable to pass these costs onto our customers, it could have an adverse impact on our margins, and consequently, profitability. Further, if our primary suppliers of raw materials curtail or discontinue their delivery of such materials or products to us in the quantities we need, or on commercially acceptable terms, our delivery schedules could be disrupted, and our business and results of operations could be adversely affected.

4. Our continued business and financial condition is significantly dependent on the Indian construction industry and demand for housing and commercial spaces.

We are engaged, primarily construction of housing and commercial projects. Our business is, therefore, significantly dependent on the development and continued development and success of the housing and commercial real estate industry. More particularly, given our focus on Chennai, the growth of the housing and commercial real estate industry in Chennai will be key to continued success.

The housing and commercial real estate industry is affected by multiple extraneous factors and are susceptible to micro and macro-economic conditions in India. Any adverse effect in the general economic conditions applicable to the housing and commercial real estate industry could result in delays in the execution of our projects. Any delay in project execution could result in cost overruns. This could result in us having to increase our debt intake and result in higher interest payment obligations. Further, any prolonged downturn in any one of housing or commercial real estate segments could have a significant adverse impact on our business and financial condition in the short term and could, potentially, have an adverse impact in the long term as well.

5. 100% of our revenues are generated from projects that we execute in Tamil Nadu.

This concentration of our business in Tamil Nadu subjects us to various risks, including but not limited to:

- a) regional slowdown in construction activities in Tamil Nadu;
- b) vulnerability to change of policies, laws and regulations or the political and economic environment of Tamil Nadu;
- c) constraint on our ability to diversify across states;
- d) perception by our potential customers that we are a regional construction company, which hampers us from competing for large and complex projects at the national level; and
- e) limitation on our ability to implement the strategy to cluster projects in the states where we intend to conduct business.

While we strive to diversify across states and reduce our concentration risk, there is no guarantee that the above factors associated with Tamil Nadu will not continue to have a significant impact on our business. If we are not able to mitigate this concentration risk, we may not be able to develop our business as we expected and our business, financial condition and results of operations could be materially and adversely affected.

While we have steadily been seeking to expand our business horizons beyond Tamil Nadu we expect that projects executed in Tamil Nadu will continue to be a significantly large component of our business and revenues for a significant amount of time. Therefore, any inability to continue securing business in Tamil Nadu or, a downturn in the economy of Tamil Nadu could have an adverse impact on our business and financial condition.

6. We have significant unsold units among our Ongoing Projects.

As of December 17, 2021, we had unsold inventory in 4 of our completed projects and in 1 of our 5 Ongoing Projects while we have not yet started with the sale of inventory in the other 4 completed projects.

Sr. No.	Project name	Project Status	No. of Units unsold	Total Units in the project	Value of Unsold Inventory (In Rs. Lakhs)	Value of Sold Inventory which is yet to be realized (In Rs. Lakhs)
1.	Rainbow Utsav	Completed	1	12	35.60	-
2.	Rainbow Court Yard	Completed	3	7	194.70	-
3.	Rainbow Siddhachal	Completed	5	142	742.13	-
4.	Rainbow Paradise	Completed	4	36	266.75	54.99
5.	Rainbow Pinnacle	Under Construction	2	33	352.50	
6.	Rainbow Girnar	Under Construction	151	151	20760.00	-
7.	Rainbow Crystal Height	Under Construction	200	200	28866.00	-
8.	Rainbow Trade Centre	Under Construction	20	120	3362.04	-
9.	Rainbow Sarala Avenue	Under Construction	9	9	139.80	-

There is a lag between the time we acquire land and the time we construct and develop a project and sell our inventories. Given that the market for properties is relatively illiquid, there may be little or insufficient demand for properties at the expected sale price. The risk of owning unsold inventories can be substantial and the market value of the same can fluctuate significantly as a result of changing economic and market conditions. If we are unable to sell our unsold inventory currently held, our business, results of operation and financial condition may be adversely affected.

As a result of the foregoing, our future earnings may be different from the amount in the Order Book. Due to unexpected changes in a project's scope and schedule, we cannot predict with certainty when, or if, expected revenues as reflected in the Order Book will be achieved. If any or all of these risks materialize, our business, prospects, reputation, profitability, financial condition and results of operation may be materially and adversely affected.

7. The secretarial compliance report for Fiscal 2021 dated August 13, 2021 identifies certain aspects of noncompliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015

The annual secretarial compliance report dated August 13, 2021 prepared by a practicing company secretary in compliance with Regulation 7(1)(b) of the **SEBI (Prohibition of Insider Trading) Regulations, 2015** below:

Disclosure upon becoming the member of the promoter group with the Stock Exchange has not been submitted within the timeline prescribed under the Regulation 7(1)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015

While no proceedings have been initiated and no action has been taken against our Company with regard to the aforementioned non-compliances, we cannot assure you that no proceedings will be initiated and/or action taken.

8. Our business is highly capital intensive and we have a high working capital requirement. If we are unable to raise or generate sufficient working capital our operations will be adversely affected.

Our business is highly capital intensive and we are subject to high working capital requirements. Currently, we meet our working capital requirements through a mix of internal accruals and working capital facilities from scheduled commercial banks and non-banking financial companies. As on March 31, 2021, we had sanctioned facilities (excluding vehicles loans and unsecured loans) aggregating Rs. 52,00,00,000 (Rupees Fifty Two Crores) of which facilities aggregating Rs. 14,64,00,000 (Rupees Fourteen Crores Sixty Four Lakhs) were outstanding.

While we believe that our internal accruals and working capital facilities availed of from our lenders will be sufficient to address our working capital requirements, we cannot assure you that we will continue to generate sufficient internal accruals and / or raise adequate working capital from lenders to address our future needs.

Our inability to meet our present working capital requirements or our enhanced working capital requirements will have an adverse impact on our results of operation, business and financial condition. Additionally, if the rate of interest at which the loans are available by us increases our finance costs would increase and adversely affect our profitability. For further details pertaining to our present working capital position, please refer to the chapters entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operation' and 'Financial Statements' beginning on page 127 and page 82, respectively.

In addition, our Promoters and members of the Promoter Group have also extended their personal guarantees or pledged the Equity Shares in our Company for some of the debt facilities availed by our Company. Any inability to continue to provide such guarantee or their inability to honour such guarantee could adversely impact our ability to raise debt which could impact our cash flows, result in cash flow mismatch and adversely affect our financial condition.

9. We have incurred significant indebtedness which exposes us to various risks and restrictions which may have an adverse effect on our business, results of operations and financial condition.

As of March 31, 2021, our total secured (including vehicles loans) was Rs. 15,19,00,000 (Rupees Fifteen Crores Nineteen Lakhs only) and unsecured indebtedness was Rs. 52,53,00,000 (Rupees Fifty Two Crores Fifty Three Lakhs only), respectively. The level of our indebtedness could have several important consequences, including but not limited to the following:

- a) a significant portion of our cash flow may be used towards repayment of our existing debt, which will reduce the available cash flow to fund our capital expenditures and other general corporate requirements;
- b) defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets;
- c) a substantial portion of our long term indebtedness is subject to fixed rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings; and
- d) our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited.

Further, our Company has entered into various types of borrowing facilities for the aforementioned indebtedness of varying terms and tenures from lenders. Some of the financing arrangements entered into by us include conditions and covenants that require our Company to obtain lender's consents prior to carrying out certain activities and entering into certain transactions including certain actions and matters in relation to the Issue. Some of these covenants include, altering our capital structure; changing our current ownership/control, material change in management, and amending constitutional documents, for which we have to obtain consent from lenders.

In addition, the unsecured indebtedness may be recalled at any time and we may need to borrow monies at higher rates of interest than presently available or utilise our internal accruals, which may have an adverse impact on our profitability and future growth.

For further details regarding our indebtedness, please see the chapter entitled 'Financial Statements' beginning on page 82.

10. Any inability to maintain our equipment assets or manage our workers or inadequate workloads may cause underutilization of our workforce and equipment bank, and such underutilization may have an impact on our profitability.

We are dependent on our workers for the operation of our projects and utilize our equipment based upon our current and anticipated workloads. As of October 31, 2021, we had 13 permanent employees. During COVID-19 pandemic we have faced concerns in relation to availability of work force. During the months of April, 2020 and May, 2020, when the lockdown restrictions were slowly being eased and our Company resumed construction activities, we faced shortage of labour owing to the COVID-19 pandemic. We cannot assure you that we may not face shortage of labour in the future. Any such shortage in labour may impact our business, results of operations and financial condition.

11. Our actual cost in constructing a project may vary substantially from the assumptions. We may be unable to recover all or some of the additional expenses, which may have a material adverse effect on our results of operations, cash flows and financial condition.

Under the terms and conditions of agreements for our projects, we generally agree to pay to, or receive from the customer an agreed sum of money, subject to variations covering changes in project requirements. Our actual expense in executing a project under construction may vary substantially from the assumptions underlying our bid for various reasons, including, unanticipated increases in the cost of construction materials, fuel, labour or other inputs, unforeseen construction conditions, including the inability of the customer to obtain requisite environmental and other approvals resulting in delays and increased costs, delays caused by local weather conditions and suppliers' failures to perform.

Our ability to pass on increases in the purchase price or manufacturing cost of raw materials and other inputs may be limited in the case of contracts with limited or no price escalation provisions and we cannot assure you that these variations in cost will not lead to financial losses to us. Further, other risks generally inherent to the development and construction industry may result in our profits from a project being less than as originally estimated or may result in us experiencing losses due to cost and time overruns, which could have a material adverse effect on our cash flows, business, financial condition and results of operations.

12. We rely on independent contractors to execute our projects and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows.

We depend on services of independent contractors to execute a majority of our projects. The quality of construction of the projects depends on the availability and skill of these contractors, including labour and raw material shortages due to various reasons including the COVID-19 pandemic and industrial action such as strikes and lockouts. If a contractor fails to perform its obligations satisfactorily or within the prescribed time periods with regard to a project, or terminates its arrangement with us, we may be unable to complete the project within the intended timeframe and at the intended cost. If this occurs, we may be required to incur additional cost which could result

in reduced profits. We cannot assure you that the services rendered by any of our independent contractors will always be satisfactory or match our requirements for quality.

Further, we may be subject to claims in relation to defaults and late payments to our contractors, which may adversely affect our reputation, business, results of operations and cash flows.

13. If we are not successful in managing our growth, our business may be disrupted and our profitability may be reduced.

We have experienced reasonable growth in recent years and expect our businesses to continue to grow at an acceptable rate. Our future growth is subject to risks arising from a rapid increase in order volume, and inability to retain and recruit adequate staff / labour. Although we plan to continue to expand our scale of operations through organic growth or investments in other entities, we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. Our future growth may place significant demands on our management and operations and require us to continuously evolve and improve our financial, operational and other internal controls. In particular, continued expansion may pose challenges in:

- a) maintaining high levels of project control and management;
- b) recruiting, training and retaining sufficient skilled management and technical personnel;
- c) developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- d) making accurate assessments, and ensuring appropriate allocation, of the resources at our disposal;
- e) adhering to the standards of health, safety and environment and quality and process execution operating in jurisdictions and business segments where we have limited experience;
- f) strengthening internal control and ensuring compliance with legal and contractual obligations; and
- g) managing relationships with customers, suppliers, contractors, investors, lenders and service providers.

Further, any failure to implement the aforementioned system on time or at all may have an adverse impact on our ability to manage our growth. If we are not successful in managing our growth, our business may be disrupted, and profitability may be reduced. Our business, prospects, financial condition and results of operations may be adversely affected.

14. Increase in the prices of construction materials, fuels, labour and equipment could have an adverse effect on our business, result of operations and financial condition.

The cost of construction materials, fuel, labour and equipment maintenance constitutes a significant part of our operating expenses. We are vulnerable to the risk of rising and fluctuating steel and cement prices, which are determined by demand and supply conditions in the market as well as the relevant government policies. Any unexpected price fluctuations after placement of orders, shortage, delay in delivery, quality defects, or any factors beyond our control may result in an interruption in the supply of such materials and adversely affect our profit margins.

15. We are heavily reliant on our Promoters, Directors and senior persons with technical expertise.

In order to successfully manage and expand our business, we are dependent on the services of our Promoters, Directors and Senior Managerial Personnel (SMP) of our Company. Our Promoters are the face of our Company and they are also involved in the day to day running of our Company. Our Promoters along with the SMP are key to the operations of our Company. Our success depends on the continued services and performance of the members of our SMP and other key employees. Our continued success also depends upon our ability to attract and retain a large group of skilled professionals and staff, particularly project managers, engineers, and skilled workers. The loss of the services of our Promoter, SMP or skilled professionals or our inability to recruit, train or retain a sufficient number of skilled professionals could adversely affect our business, operations, prospects, financial condition, profitability and results of operations.

16. Our indebtedness and the conditions and restrictions imposed on us by our financing agreements could adversely affect our ability to conduct our business.

As on March 31, 2021 we had total secured indebtedness (including vehicles loans) of Rs. 15,19,00,000 (Rupees Fifteen Crores Nineteen Lakhs only). We may incur additional indebtedness in the future. Most of our financing arrangements are secured by our movable assets and by certain immovable assets. Our accounts receivable and inventories, including certain machinery and equipment, are subject to charges created in favour of specific secured lenders. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Typically, restrictive covenants under the financing documents of our Company relate to obtaining prior consent of the lender for, among others:

- a) effecting any changes in our capital structure;
- b) any change in management or control of our Company;
- c) formulating any scheme of amalgamation or reconstruction;
- d) investing by way of share capital in or lending or advancing funds to or placing deposits with any other concern; or
- e) undertaking guarantee obligations.

Further, any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

17. Increase in interest rates may materially impact our results of operations.

Our indebtedness carries interest at fixed rates, floating rates or at rates that are subject to adjustments at specified intervals. We are exposed to interest rate risk in respect of contracts for which we have not entered into any swap or interest rate hedging transactions in connection with our loan agreements, although we may decide to engage in such transactions in the future. We may further be unable to pass any increase in interest expense to our existing customers. Any such increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk.

18. Our Company has experienced negative cash flow from operating activities in prior periods and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Our Company has experienced negative net cash flow in operating activities in the past, the details of which are provided below:

Particulars	(Rs. in lakhs)		
	Financial Year		
	2020-2021	2019-2020	2018-2019
Net cash flows from operating activities	2521.88	1391.88	(5343.33)

Although we have historically experienced positive net cash flow from operating activities, we have in the past experienced negative net cash flow. We may continue to experience the same in the future which may have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

19. Our business operations are sensitive to weather conditions, which may adversely affect our operations and financial conditions.

Our business activities may be materially and adversely affected by severe weather conditions, which may force us to evacuate personnel or curtail activities, replace damaged equipment and facilities or suspend our operations. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our operations during critical periods of our projects and cause severe damages to our premises and equipment. Further, our work may be affected adversely during the monsoon season which could limit our ability to carry on construction activities or to fully utilize our resources. Our business activities may also be adversely affected by other natural disasters, including earthquakes, floods, and landslides, which may cause significant interruptions of our operations and damages to our properties and working environment which may not be adequately covered by the insurance policies availed by our Company.

During periods of curtailed activity due to severe weather conditions or natural disasters, we may continue to incur operating expenses but our revenues from operations may be delayed or reduced.

20. A major portion of our assets have been secured under our financing arrangements. A default under any of the financing arrangements may compel the bank to sell the asset to recover its loan, which may lead to fewer assets available to us to avail further bank facilities, which may affect our financial condition, cash flow and results of operations.

We maintain bank facilities and term loans with Indian banks and other financial institutions to provide us with general working capital and operational flexibility in connection with our business. As of March 31, 2021, our Company had a total indebtedness of Rs. 67,72,00,000 (Sixty Seven Crores Seventy Two Lakhs only) outstanding.

In the event of a default by us on our financing agreements, our charged assets could be seized, leaving us with fewer assets with which to operate our business, adversely affecting our business prospects. This could also result in us having difficulty obtaining further working capital through borrowings from these or other lenders given our lack of substantial additional security capable of being charged and affect financial condition, cash flows and results of operations.

21. We are not insured will not be adequate to protect us against all potential losses to which we may be subject.

We do not maintain any sort of insurance coverage with respect to each project we undertake and hence are susceptible to all kinds of losses caused due to severe weather conditions, floods, fires and earthquakes on our facilities, as well as liabilities to third parties and liabilities on account of business interruptions.

Further, we are also susceptible to certain types of losses may be either uninsurable, not economically viable to insure or not offered for insurance, such as losses due to acts of terrorism or war. Should an uninsured loss occur, we could lose our investment in, as well as anticipated profits and cash flows from the asset.

This could, in addition to damaging our reputation, have an adverse effect on our business, cash flows, financial condition and results of operations.

22. Our Promoters (who are also the Directors and the Key Managerial Personnel) have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.

Our Promoters (who are also the Directors and the Key Managerial Personnel) may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits.

Our Promoters may be deemed to be interested to the extent of the Equity Shares held by them and by members of our Promoter Group, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. Additionally, our Promoters have extended loans to our Company and will be interested to the extent of interest and principal repayment also.

We cannot assure you that our interests and the interests of our Promoters and members of the Promoter Group will always be aligned or that they will always act in our best interests.

23. Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business could have a material adverse effect on our business.

We require certain statutory and regulatory permits and approvals for our business. Additionally, we may need to apply for additional approvals in the future as well as the renewal of current approvals that may expire from time to time. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations.

24. We have entered into and may in the future enter into related party transactions.

We have entered into certain related party transactions. There can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties or that we will be able to maintain existing terms, in cases where the terms are more favorable than if the transaction had been conducted on an arms-length basis. We have in the course of our business entered into, and will continue to enter into, transactions with related parties. While we believe that all of our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations, financial condition and cash flows, including because of potential conflicts of interest or otherwise.

Such action may have an adverse impact on our business and financials. Our continued success in the future depends on our ability to effectively implement our competitive and growth strategies.

25. Our projects may be adversely affected by public and political oppositions, conflicting local interests, elections and protests.

The construction and operation of our projects may be faced with oppositions from the local communities where these projects are located and from special interest groups. In particular, the public, the forest authorities and other authorities may oppose our operations due to the negative impact, perceived or otherwise, it may have on the environment. There may be objections or disputes in relation to such resettlement, rehabilitation or relocations, which may suspend our construction or operations until the disputes are resolved.

There may be negative publicity about our Company or Promoters made by opposing interest groups in local media due to our construction activities. We may also be required by the local authorities or communities to provide jobs to the local labour market or provide other benefits. In addition, we may be adversely affected by political events such as protests and general strikes in the states where we operate, especially when such events take place on or close to our construction sites. Local and national elections often strain government and community resources and governments' decisions in respect of accepting new bids or awarding new construction contracts may be delayed when substantial resources are dedicated to meeting voters' needs.

In these events, our business, financial condition and results of operations may be materially and adversely affected.

26. Our operations are subject to physical hazards and similar risks that could expose us to material liabilities, loss in revenues and increased expenses.

There are anticipated or unforeseen risks that may come up due to adverse weather conditions, geological conditions, specification changes and other reasons. Additionally, our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

Actual or claimed defects in equipment procured and / or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

27. Certain premises used by our Company are leased premises. There can be no assurance that the lease agreements executed for such leased premises will be renewed upon termination or that we will be able to obtain other premises on lease on the same or similar commercial terms.

Certain premises used by our Company are leased premises, and we do not own any of these premises. In the event such leases are not renewed or are terminated, it could adversely affect our operation unless we arrange for similar premises. If we are unable to continue or renew such leases on the same or similar terms or find alternate premises on lease on similar terms or at all, it may affect our business operations.

28. Corrupt practices or improper conduct may delay execution of a project and materially and adversely affect our results of operations.

The construction industries in India and elsewhere are not immune to the risks of corrupt practices or fraud or improper practices. Large construction projects provide opportunities for corruption, fraud or improper conduct, including bribery, deliberate poor workmanship, theft or embezzlement by employees, contractors or customers or the deliberate supply of low quality materials. If any persons involved in any of the projects are the victim of, or involved in any such practices, our reputation or our ability to complete the relevant projects as contemplated may be disrupted, thereby adversely affecting our business and results of operations.

29. We have certain contingent liabilities that may adversely affect our financial condition.

As of March 31, 2021, we have the following contingent liability as per our Audited Financial Statements. Please refer chapter entitled 'Financial Statements' beginning on page 82:

Outstanding demand of Income Tax: Rs. 8,85,15,558 (Rupees Eight Crores Eighty Five Lakhs Fifteen Thousand Five Hundred Fifty Eight only).

In the event, this contingent liabilities materializes, our financial condition may be adversely affected.

30. Our Company has not declared any dividends in the preceding 3 financial years. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

We have not declared any dividends in the last 3 financial years. Declaration and payment of dividends by our Company in the future will depend on our future earnings, cash flows, financial condition, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that we will pay dividends. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Additionally, our ability to pay dividends is, and may be subject to restrictive covenants contained in the financing related agreements we have entered into and will enter into in the future.

31. Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

As on October 31, 2021, we had 13 permanent employees on our rolls. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, which may adversely affect our business. In addition, we enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although we generally do not engage such labour directly, it is possible under Indian law that we may be held responsible for wage payments to the labour engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments will adversely affect us, our business, financial condition and results of operations. Furthermore, under the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of such contract labour as permanent employees. Any order from a regulatory body or court requiring us to absorb such contract labour may have an adverse effect on our business, financial condition and results of operations.

32. We may not be successful in implementing our business strategies.

The success of our business depends substantially on our ability to implement our business strategies effectively. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted clients. Changes in regulations or government policies and local laws applicable to us may also make it difficult to implement our business strategies. We may also face restrictions due to pandemic or any similar calamities. We cannot assure of continuous growth. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

33. Inadequate health and safety precautions may affect us.

We are subject to health and safety laws and regulations as well as laws and regulations governing our relationship with our employees in areas such as minimum wages, maximum working hours, working conditions. In developing countries, such as India, the health and safety standards at construction sites may not be applied as stringently as in industrialized countries. Construction and real estate companies in India are however still subject to various health and safety laws and regulations as well as laws and regulations governing their relationship with their respective employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits. Accidents and, in particular, fatalities may have an adverse impact on our reputation and may result in fines and/or investigations by public authorities as well as litigation from injured workers or their dependents.

34. Our management will have flexibility to utilize the Net Proceeds in relation to temporary investment of the Net Proceeds pending utilization towards Objects of the Issue and we cannot assure you that the temporary investment of the Net Proceeds will provide desired returns.

We intend to use the Net Proceeds for the purposes described in “Objects of the Issue” beginning on page 54. We currently intend to use the Net Proceeds towards Redemption of upto 3,65,00,000 (Three Crore Sixty Five Lakhs only) 0.01% Non- Convertible Redeemable Cumulative Preference Shares (NCRCPs) of Rs. 10 each and the expenses to be incurred towards general corporate purposes. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our management might not apply the Net Proceeds in ways that increase the value of your investment.

35. Our Company will not distribute the Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer and CAF (the “Offering Materials”) to the Eligible Equity Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to

circulation of such materials in various overseas jurisdictions. However, as per Section 20 of the Companies Act, 2013, companies are required to serve documents at any address which may be provided by the members as well as through e-mail. Whilst our Company has requested all the Eligible Equity Shareholders to provide an address in India for the purposes of distribution of Offering Materials, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with Section 20 of the Companies Act, 2013 and may subject our Company to fines or penalties.

36. Our new projects require a long gestation period and substantial capital outlay before any benefits or returns on investments are realized.

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlay before completion and may take months or years before positive cash flows can be generated, if at all. The time and costs required in completing a project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances.

In addition, failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any of these factors may lead to delays in, or prevent the completion of our projects and result in costs substantially exceeding those originally budgeted for.

37. We may face risks associated with uncompleted property developments such as undertaking of development activities in excess of the budgeted amounts.

Property developments typically require substantial capital outlay during the construction period and we may take an extended period of time to complete and to occupy before a potential return can be generated. The time and costs required to complete a property development may be subject to substantial extensions and increases due to many factors, including shortages of, or price increases with respect to, construction materials (which may prove defective), equipment, technical skills and labour, adverse weather conditions, third party performance risks, environmental risks, changes in market conditions, changes in government or regulatory policies, delays in obtaining the requisite approvals, permits, licenses or certifications from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent the completion of, a property development project and result in costs substantially exceeding those originally budgeted for which we may not be adequately compensated by insurance proceeds (if any) and/or contractual indemnities. This could have a material adverse effect on our business, financial condition and results of operation.

38. We may not be successful in identifying suitable projects, which may hinder our growth.

Our ability to identify suitable projects is fundamental to our business and involves certain risks including identifying and acquiring appropriate land, meeting the demands of the residential customers for residential projects, understanding and responding to the expectations and demands. Our ability to identify commercial projects also involves certain risks. In identifying new real estate projects, we need to take into account land use regulations, the availability and commitment from the respective state government to provide off-site infrastructure, the requirement for suitable rehabilitation of project affected persons, the land's proximity to resources such as water and electricity, the target sectors, expectations of our customers in relation to the infrastructure and amenities to be provided as well as their perception of the State. While we have successfully identified suitable projects in the past, we may not be as successful in identifying suitable projects that meet market demand in the future. Any failure to identify suitable projects, build or develop saleable properties or anticipate and respond to customer demand in a timely manner could have an adverse effect on our business, financial condition and results of operations.

39. We may not be able to increase our land bank by acquiring suitable sites or acquiring land allocated to us by various state governments and their concerned agencies.

In order to maintain and grow our business, we will be required to increase our land bank with suitable sites for development. Our ability to identify and acquire suitable sites is dependent on a number of factors including the availability of suitable land, the willingness of landowners to sell land to us on attractive terms, the ability to obtain an agreement to sell from all the owners where the land has multiple owners, encumbrances on targeted land and obtaining the relevant permits and approvals for land acquisition and development. The failure to acquire land may cause us to change, delay or abandon entire projects, which in turn could materially and adversely affect our competitive position, business, financial condition and results of operation.

40. Our inability to procure contiguous parcels of land may affect our future development activities.

We acquire parcels of land and development rights over parcels of land in various locations from various landholders, over a period of time, for future development. These parcels of land are subsequently consolidated to form a contiguous land mass, upon which we undertake development. We may not be able to procure such parcels of land at all or on terms that are acceptable to us, which may affect our ability to consolidate parcels of land into a contiguous mass. Failure to acquire such parcels of land may cause delays or force us to abandon or modify the development of the land in such locations, which may result in us failing to realize our investment for acquiring such parcels of land. Accordingly, our inability to procure contiguous parcels of land may materially and adversely affect our business, results of operations, financial condition and prospects.

41. We enter into MoUs, agreements to sell and similar agreements with third parties from time to time to acquire land or land development rights, which entail certain risks.

We enter into MoUs, agreements to sell and similar agreements with third parties from time to time to acquire title or land development rights with respect to certain land. Since formal transfer of title or land development rights with respect to such land is completed only after all requisite governmental consents and approvals have been obtained and all conditions precedent to such agreements have been complied, we are subject to the risk that pending such consents and approvals sellers may transfer the land to other purchasers or that we may never acquire registration of title or land development rights with respect to such land. We also make partial payments to third parties to acquire certain land or land development rights which we may be unable to recover under certain circumstances. Our inability to acquire such land or land development rights, or any failure to recover the partial payment we make with respect to such land, may materially and adversely affect our business, financial condition and results of operation.

42. It may not be possible to sell completed developments at the desired price or at all.

Investments in the real estate sector may be difficult, slow or impossible to realize. In addition, we will be subject to the general risks incidental to the ownership of real property, including changes in the supply of or demand for competing properties in an area, a decline in the market value of the properties, a decline in rental rates, changes in interest rates and the availability of mortgage finance, changes in property tax rates and landlord and tenant or planning laws and environmental factors. The marketability and value of any properties we invest in will, therefore, depend on many factors beyond our control and there is no assurance that there will be either a ready market for any of our properties (or properties jointly developed by us) or that such properties or any of our investments will be sold at a profit or in a timely manner, if at all. If we are unable to sell our interest in a project in a timely manner or at all, we may incur additional costs or be unable to invest in other developments.

43. Land title in India is uncertain and there is no assurance of clean title to our real estate assets.

In India, property records do not constitute conclusive evidence and do not provide a guarantee of the title to the land. The method of documentation of land records has not been fully computerized and are generally maintained and updated manually. The land records are often in a poor condition, hand-written, in local languages and may not be legible, which make it difficult to ascertain the contents of the records and sometimes materially impedes the title investigation process. This could also result in investigations being inaccurate. As a result, the title of the real property that we have invested and/or might invest in future may not be clear.

More often than not, the title to land is fragmented and it is possible that land relating to one property may have come from multiple owners. Some land may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping and may be subject to encumbrances of which we may be unaware.

It is also difficult to obtain title insurance in India due to the limited availability of such insurance coverage. A lack of title insurance, coupled with difficulties in verifying title to land, may increase our exposure to third parties claiming title to the property or otherwise materially prejudice the development of the property which could in turn have an adverse effect on our business, financial condition, results of operations and prospects.

44. Property litigation is common in India and time consuming.

Property litigation, particularly litigation with respect to land ownership, is common (including public interest litigation) and is generally time consuming and involves considerable costs. If any property in which we have invested is subject to any litigation or is subjected to any litigation in future, it could delay a development project and/or have a material adverse impact on our business, results of operation and financial condition. For further details, see “Outstanding Litigation and Defaults” on page 135.

45. Land is subject to compulsory acquisition by the government and compensation in lieu of such acquisition may be inadequate.

The right to own property in India is subject to restrictions that may be imposed by the government. In particular, the government under the provisions of the Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (“Land Acquisition Act, 2013”) has the right to compulsorily acquire any land if such acquisition is for a “public purpose”, after making payment of compensation to the owner. The Land Acquisition Act, 2013 inter alia, stipulates (i) restrictions on land acquisition (for example, certain types of agricultural land), and (ii) compensation, rehabilitation and resettlement of affected people residing on such acquired land. However, the compensation paid pursuant to such acquisition may not be adequate to compensate the owner for the loss of such property. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, railways and airports. Any such action in respect of any of the projects in which we are investing (or may invest in the future) may adversely affect our business, financial condition or results of operations.

46. We depend significantly on our success in our residential real estate business as this is our primary focus.

Our primary focus is on the development of luxurious and comfortable residential real estate projects for sale. We rely on our ability to understand the preferences of our residential customers and to develop projects that suit their needs. We aim to create aspirational developments that we believe have distinctive eco-friendly designs and functionalities with quality construction and development, as we believe that this enhances our brand and reputation, and enables us to sell our units quickly and at a premium to other competing developments. Our inability to provide customers with distinctive designs or functionalities and quality construction or our failure to continually anticipate and respond to customer needs may affect our business and prospects and could lead to some of our customers switching to our competitors, which could, in turn, materially and adversely affect our business prospects, financial condition and results of operations.

For further details of our business, please refer to chapter titled “Our Business” beginning on Page 63 of this Draft Letter of Offer.

47. We cannot assure you that the construction of our projects will be free from any and all defects.

We cannot assure you that we will always finish the construction or development of our projects in accordance with the requisite specifications or that the construction of our projects will be free from any and all defects. If the work is unsatisfactory, the work has to be redone as per the designs and / or as per the instructions of project incharge which will entail additional costs. In the event of discovery of defects/faults in our work, or due to damages to our construction due to factors beyond our control, or any of the other reasons, we may incur significant contractual liabilities and losses

under our projects contracts and such losses may materially and adversely affect our financial performance and results of operations.

Further, it may result in cancellation by customers of any commitment to purchase in our real estate projects and/ or refund of any advance deposited with us by any customer as a guarantee for purchase in our real estate projects, dissatisfaction among our customers, resulting in negative publicity, consumer litigation and lack of confidence among future buyers for our projects and all these factors could adversely affect our business, financial condition and results of operations.

For further details of our business, please refer to chapter titled “Our Business” beginning on Page 63 of this Draft Letter of Offer.

48. Changes in market conditions between the time that we acquire land, enter into development agreements, construct and ultimately sale, may affect our ability to achieve the estimated profits out of our projects or at all, which could adversely affect our revenues and earnings.

There might be a time gap between our acquisition of land or development rights to the land and the development and sale of our projects, during which, we may be exposed to risks of fluctuation in market value of land. Any downward changes in the market value of land could have a material adverse effect on our business. Our ability to mitigate the risk of any market value fluctuations is limited by the illiquid nature of real estate investments. We could be adversely affected if the market conditions deteriorate or if we purchase land at higher prices and the value of the land declines subsequently. As a result, we may experience fluctuations in property values over time which in turn may adversely affect our business, financial condition and results of operations.

49. Our business is subject to the RERA, a comparatively recent legislation which may require more time and cost to comply with. Inability to comply with the provisions of RERA may subject us to penal consequences there under.

The Government notified the RERA in the official gazette on March 25, 2016. The RERA has been introduced to regulate the real estate industry and to ensure, among others, imposition of certain responsibilities on real estate developers and accountability toward customers and protection of their interest. We are required to be compliant with the provisions of the RERA. RERA has inter-alia prescribed:

- registration of construction projects,
- conditions to monitor the funds allocated towards each project and placed restrictions on the usage of the same,
- submission of specific details of the projects for public access,
- disclosure of timeline for construction, completion and delivery of project and
- regulation of the advertising of the projects.

Any failure to comply with the requirements of RERA in the future may subject us to penalties and/or imprisonment.

In addition, we will have to comply with state-specific rules and regulations which may be enacted and / or amended by the state government where our upcoming projects are or our future projects may be located. To ensure compliance with the requirements of the RERA, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Further, we may face challenges in interpreting and complying with the provisions of the RERA due to limited jurisprudence on them. In the event our interpretation of provisions of the RERA differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Any non-compliance of the provisions of RERA or such state-specific legislations may result in punishments (including fines or imprisonment) and revocation of registration of our

future projects, which may have an adverse effect on our business, operations and financial condition.

50. Our operations could be adversely affected by changes to the FSI/TDR regime in Chennai.

We are subject to municipal planning and land use regulations applicable in each city in India, which limits the maximum square footage of completed buildings we may construct on plots to specified amounts, calculated based on a ratio of maximum floor space of completed buildings to the surface area of each plot of land (the floor space index, or “FSI”).

Transferable Development Rights (“TDRs”), in the form of a Development Rights Certificate granted by the relevant statutory authority, provides a mechanism by which a person, who is unable to use the available FSI of their plot for various reasons, is permitted to use the unused FSI on other properties in accordance with applicable regulations or transfer the unused FSI to a third party. Some of our development sites may be reserved for public purposes or for providing public amenities such as roads, gardens, playgrounds, hospitals and schools. If we decide to develop such sites, we are required to develop them in accordance with the applicable reservation and hand over the completed development to the relevant authority. In return, we are compensated by grants of TDRs in the form of FSI, which can be used by us within the same development or, subject to certain restrictions, within another development or transferred to a third party.

Sometimes, a development site has potential for development, but FSI has already been consumed. In such cases, we can acquire FSI by way of TDRs and utilize it on such developments. We believe that considering the current competition in the real estate market in Chennai, we will be required to acquire TDRs for our future projects. If we are unable to acquire such TDRs or if we are unable to acquire them at the expected price, when required, then this may impact our ability to complete certain projects due to insufficient FSI or because of a significant increase in the cost of completing such projects. If we are required to purchase a TDR at price higher than estimated by us, we may not be able to pass on the increased cost to our customers in terms of increased flat / unit costs thus, affecting our profitability. The price and availability of TDRs may have an adverse effect on our ability to complete our projects and on our financial condition and results of operations.

For further details of our business, please refer to chapter titled “Our Business” beginning on Page 63 of this Draft Letter of Offer.

51. Any Penalty or demand raise by statutory authorities in future will affect our financial position of the Company.

Our Company is mainly engaged in business of real estate and trading which attracts tax liability such as Goods and Service Tax and other applicable provision of the Acts. However, the Company has been depositing the return under above applicable acts but any demand or penalty raised by concerned authority in future for any previous year and current year will affect the financial position of the Company. For detail, Please refer “Outstanding Litigations and Material Development” beginning on page 135 of Draft Letter of Offer.

52. The success of our residential real estate development business is dependent on our ability to anticipate and respond to latest trends and consumer requirements.

We believe that our ability to understand the preferences of our customers and to accordingly develop projects that suit their tastes and preferences plays a major role in our successful sales of our residential and commercial units. The growing disposable income of India’s middle and upper income classes has led to a change in popular lifestyle resulting in substantial changes in the nature of their demands. The range of amenities now demanded and expected by consumers include those that have historically been uncommon in India’s residential real estate market such as gardens, community space, security systems, playgrounds, fitness centres, tennis courts, swimming pools, etc. As customers continue to seek better housing and better amenities as part of their residential

needs, we are required to continue to focus on the development of quality residential accommodation with various amenities. We also intend to continue to provide quality facilities even in our middle-income housing projects. Our inability to provide customers with certain amenities or our failure to continually anticipate and respond to customer needs may result in our consumers preferring our competition, who may be providing better amenities. If our consumers perceive that our amenities or quality is not as per the current trends, our brand image may be adversely affected resulting in lower sales and thus adversely impacting our financial condition.

For further details of our business, please refer to chapter titled “Our Business” beginning on Page 63 of this Draft Letter of Offer.

53. We have not independently verified certain data in this Draft Letter of Offer.

We have not independently verified data from the Industry and related data contained in this Draft Letter of Offer and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

54. We may not be able to generate profits at the same rate of return that we earned from our historical projects.

The profits that we generate from our projects may not be utilised in our business at or above the rate of return that we earn from these projects and we may not utilise capital in the most efficient manner. For example, there may be periods during which we may deposit funds in fixed deposits or other short term investments that generate low post-tax returns. We may also invest in mutual funds which are exposed to market and credit risks and may not generate rates of return above the rates of return we earn on our other investments, or at all, or such investments may result in losses. Our failure to generate rates of return on our capital equal to or above the rate of return we earn on our projects may decrease our return on net worth and capital employed, which may in turn adversely affect our business prospects, financial condition and results of operation.

55. We face significant risks before we realise any income from our real estate developments because of the length of time required for completion of each project.

Real estate developments typically require substantial capital outlay during the acquisition of land or development rights and/or construction phases and it may take a year or more before income or positive cash flows may be generated through sales of a real estate Projects. Depending on the size of the development, the time span for completing a real estate development projects runs into several years. Consequently, changes in the business environment during the length of time a project requires for completion may affect the revenue and cost of the development during the period from project commencement to completion, directly impacting on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lack lustre sales or leasing of properties. The sales and the value of a real estate development project may be adversely affected by a number of factors, including but not limited to the national, state and local business climate and regulatory environment, local real estate market conditions, perceptions of property buyers and tenants in terms of the convenience and attractiveness of the project and competition from other available or prospective properties developments.

If any of the risks described above materialises, our returns on investment may be delayed and/or lower than originally expected by us and our financial performance may be adversely affected.

56. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and avoid fraud. Moreover, any internal controls that we may implement or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that additional deficiencies in our internal controls will not arise in the future or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls.

57. Portion of our Issue Proceeds are proposed to be utilized for general corporate purposes which constitute 24.04% of the Issue Proceed. As on date we have not identified the use of such funds.

Portion of our Issue Proceeds are proposed to be utilized for general corporate purposes which constitute 24.04% of the Issue Proceed. We have not identified the general corporate purposes for which these funds may be utilized. The deployment of such funds is entirely at the discretion of our management in accordance with policies established by our Board of Directors from time to time and subject to compliance with the necessary provisions of the Companies Act. For details please refer the chapter titled “Objects of the Issue” beginning on Page No. 54 of this Draft Letter of Offer.

58. Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of Equity Shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sale of Equity Shares might occur.

59. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights including in relation to class actions, under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

60. The COVID-19 pandemic adversely affects our business, financial condition, results of operations, cash flows, liquidity and performance, and it may reduce the demand for our projects in future.

In the first half of 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic may cause a prolonged global economic crisis or recession.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have reacted by taking measures, such as prohibiting people from assembling, instituting quarantines, restricting travel, issuing “stay-at-home” orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown on all services except for essential services from March 25, 2020 for three weeks, which was subsequently extended to May 31, 2020. Factors related to the COVID-19 pandemic, or a future pandemic, that could have an adverse impact on our financial condition, results of operations and cash flows, include:

- a complete or partial closure of, or other operational issues at, one or more of our construction sites, resulting from government action; while operations at all of our construction sites were suspended due to the government directives, we have been able to resume operations at majority of our construction sites with certain restrictions;
- shortage of workers owing to migration of workers back to their native states during the period when the lockdown was or may be imposed by the government;
- an increase in operational costs as a result of additional measures that we have and will continue to undertake at our construction sites for the health and safety of our workers and employees;
- COVID-19 has caused a material decline in general business activity and demand for real estate developments, and if this persists, it could adversely affect our ability to execute sales of units in developments;
- requests from joint development partners or joint venture partners for a modification or waiver of their obligations under the joint development agreements and joint venture agreements;
- inability of customers to fulfil their obligations and instalments due on units sold to them as part of our Ongoing Projects and Forthcoming Projects; and
- liquidity situation in the real estate sector declined with banks and NBFCs becoming more risk averse and thereby resulting in funding issues for many developers including us;
- our inability to access debt and equity capital on acceptable terms, or at all;
- our inability to comply with the covenants in our financing agreements could result in events of default and the acceleration of indebtedness, which could negatively impact our financial condition, results of operations and our ability to obtain additional borrowings;
- increased vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;
- our inability to seek protection under our existing insurance coverage for liabilities and expenses that may arise due to the effect of COVID-19 on our business and operations;
- the potential negative effect on the health of our personnel, particularly if a significant number of them are, or if any key managerial employee is, afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

The COVID-19 pandemic has adversely affected our business and results of operations.

We are closely monitoring the impact of the COVID-19 pandemic on our developments, trade receivables and other current assets. In preparation of our Financial Statements, we have assessed the impact and future uncertainties resulting from the COVID-19 pandemic and based on our assumptions and current estimates, we expect the carrying amount of our assets as reflected in the balance sheet as at September 30, 2021 to be recovered. The ultimate effect of the COVID-19 pandemic on the business and operations may, however, differ from that assessed by us due to the evolving nature of the pandemic and its response by various government authorities and, therefore, we will continue to monitor developments to identify significant uncertainties in future periods that may have an effect on our business and operations.

Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this “Risk Factors” section.

EXTERNAL RISK FACTORS

1. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service.

Our results of operations and financial condition depend significantly on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Various factors may lead to a slowdown in the Indian, which in turn may adversely impact our business, prospects, financial performance and operations. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance of our business and operation.

2. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

3. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends on.

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and trading price of our Equity Shares

4. Investors may have difficulty enforcing foreign judgments against our Company, our Directors or our management.

Our Company is a limited liability company incorporated under the laws of India. All of our Company's Directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign

judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

5. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, such as application of GST, may adversely affect our business results of operations, cash flows and financial performance.

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. For instance, as of July 1, 2017, GST in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services in India. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

RISKS RELATING TO THE EQUITY SHARES

6. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

7. Our Company will not distribute the Issue Materials to certain overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Issue Materials to such Shareholders who have provided an address in India for the service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is a lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to the distribution of Issue Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions. While our Company had, in the recent past, requested individual overseas shareholders to provide an address in India, our Company cannot assure you that the regulator would not adopt a different view with respect to compliance with the Companies Act and may subject our Company to fines or penalties.

8. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with SEBI – Rights Issue Circular, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date (i.e., on or before Friday, December 03, 2021) to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

9. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/rainbow>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “**Terms of the Issue**” on page 151. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

10. Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

11. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity

Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

12. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted.

Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

13. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

14. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

SECTION IV – INTRODUCTION

THE ISSUE

This Issue has been initially discussed and approved by the Board in its meeting held on September 11, 2021 and thereafter formally authorised through a resolution passed by our Board at its meeting held on October 14, 2021, pursuant to Section 62(1)(a) of the Companies Act. The following is a summary

of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in the chapter titled “**Terms of the Issue**” on page 151 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Upto 4,41,04,800 (Four Crores Forty One Lakhs Four Thousand Eight Hundred) Equity Shares
Rights Entitlement	8 (Eight) Equity Shares for every 1 (One) fully paid-up Equity Share held on the Record Date
Fractional Entitlement	Not Applicable
Record Date	[●]
Face value per Equity Shares	Rs. 10/- (Rupees Ten only)
Issue Price per Rights Equity Shares	Rs. 11/-(Rupees Eleven only)
Issue Size	The issue of up to 4,41,04,800 (Four Crores Forty One Lakhs Four Thousand Eight Hundred) Rights Equity Shares aggregating to an amount up to Rs. 48,51,52,800 (Rupees Forty Eight Crores Fifty One Lakh Fifty Two Thousand Eight Hundred Only).
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari pasu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	55,13,100 (Fifty Five Lakhs Thirteen Thousand One Hundred) Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto 4,96,17,900 (Four Crores Ninety Six Thousand Seventeen Lakhs Nine Hundred) Equity Shares
Money payable at the time of Application	Rs. 11/- (Rupees Eleven only)
Scrip Details	ISIN: INE230F01014 BSE Scrip Code: 531694
Use of Issue Proceeds	For details please refer to the chapter titled “ Objects of the Issue ” on page 54 of this Draft Letter of Offer.
Terms of the Issue	For details please refer to the chapter titled “ Terms of the Issue ” on page 151 of this Draft Letter of Offer.

GENERAL INFORMATION

Incorporation

Our Company was originally incorporated as a Public Limited Company in the name and style of “Rainbow Holiday Resorts International Limited” under the provisions of the Companies Act, 1956, vide certificate of incorporation issued on June 07, 1994, by the Registrar of Companies, Tamil Nadu. Our Company received the certificate for commencement of business on July 26, 1994, issued by the Registrar of Companies, Tamil Nadu. The name of our company was later changed to its present name “Rainbow Foundations Limited” and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Tamil Nadu with effect from October 16, 1996.

Registered & Corporate Office of the Company:**Rainbow Foundations Limited**

No. 4, Thanikachalam Road, T. Nagar, Chennai, Tamil Nadu- 600017;

Tel: +91-44-24344647, 24354647;**Email:** rfl.rightsissue@gmail.com**Website:** www.rainbowfoundations.in**CIN:** L55101TN1994PLC027739**Registrar of Companies**

Registrar of Companies, Chennai

Block No.6, B Wing, 2nd Floor, Shastri Bhawan 26,

Haddows Road, Chennai-600034, Tamil Nadu;

Tel: 044-28270071**E-mail:** roc.chennai@mca.gov.in**Board of Directors**

Name	Age	Designation	Status	Address	DIN
Anop Chand Jain	69 Yrs	Managing Director	Non-Independent Director	23, Flowers Road, Kilpauk, Chennai, Tamil Nadu-600010	02215110
Gajraj Jain	60 Yrs	Joint Managing Director	Non-Independent Director	Rainbow Ashish, No. 35, Ellaiamman Koil Street, West Mambalam, Chennai, West Mambalam, Tamil Nadu-600033	01182117
Navin Jain	45 Yrs	Executive Director	Non-Independent Director	23, Flowers Road, Bungalow 5, Kilpauk, Chennai, Tamil Nadu-600010	02213825
Pushpala Motiram Manjith	34 Yrs	Director	Independent Director	31/12, Gopal Street, Thiyagaraya Nagar, Chennai, Tamil Nadu-600017	02161987
Sampat Raj Singhvi	63 Yrs	Director	Independent Director	20/4, Gopal Menon Street, Choolai, Chennai, Tamil Nadu-600112	01786782
Maithri Jayakkar	58 Yrs	Director	Independent Director	23/18 Sri Kalki Charan Sri Ramnagar Main Road, Thiruvannamiyur, Chennai, Tamil Nadu- 600041	07155574

For detailed profile of our Directors, please refer to the chapter titled “**Our Management**” on page 73 of this Draft Letter of Offer.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Niroshaa Kathiravan
Rainbow Foundations Limited
No. 4, Thanikachalam Road, T. Nagar,
Chennai, Tamil Nadu- 600017;
Tel: +91-44-24344647, 24354647;
Email: rfl.rightsissue@gmail.com
Website: www.rainbowfoundations.in

CHIEF FINANCIAL OFFICER

Mr. Nitesh Jain
Rainbow Foundations Limited
No. 4, Thanikachalam Road, T. Nagar,
Chennai, Tamil Nadu- 600017;
Tel: +91-44-24344647, 24354647;
Email: rainbowfoundations@gmail.com
Website: www.rainbowfoundations.in

LEGAL ADVISOR TO THE ISSUE

Mr. S. Thamilvinayagam
Address: 433, New Addl. Law Chambers,
High Court Campus, Chennai- 600104
Tel: +91-9444045479;
Email: thamilvinayagam@gmail.com;

LEAD MANAGER TO THE ISSUE

Turnaround Corporate Advisors Private Limited
Address: 714, Vishwadeep Building, Plot No. 4,
District Centre, Janakpuri, New Delhi- 110058
Tel: +91-11-45510390, 41395590
E-mail: info@tcagroup.in
Investor Grievance Email: complaints@tcagroup.in
Website: www.tcagroup.in
Contact Person: Mr. Heemadri Mukerjea/Mr. Adarsh
SEBI Registration No.: MB/INM000012290

REGISTRAR TO THE ISSUE

Cameo Corporate Services Limited
Address: "Subramanian Building" No.1, Club House Road, Chennai, Tamil Nadu- 600002
Tel : +91-44 -40020700;
E-mail: priya@cameoindia.com
Investor Grievance Email: investor@cameoindia.com
Website: www. cameoindia.com
Contact Person: Ms. K. Sreepriya, Vice President & Company Secretary
SEBI Registration No.: INR000003753

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “Terms of the Issue” on page 151.

BANKER(S) TO THE ISSUE /REFUND BANK

[•]

STATUTORY AUDITOR TO THE COMPANY

GASM DANSR AND CO., Chartered Accountants

Address: 2-G, II floor, J. P. Towers, 1/1, Dr. Thirumurthy Nagar Main Road, Chennai-600034

Tel: +91-44-45008638;

Firm Registration No. : 005986S

Email: gasmdansr@gmail.com

EXPERTS

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated November 24, 2021 from the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its reports on the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results and the statement of special tax benefits dated November 24, 2021, included in this Draft Letter of Offer, and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

SELF-CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

INTER-SE ALLOCATION OF RESPONSIBILITIES AMONG LEAD MANAGER(S)

Since Turnaround Corporate Advisors Private Limited is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities amongst Lead Managers is not required.

CREDIT RATING

This being an issue of equity shares, no credit rating is required.

DEBENTURE TRUSTEES

This being an issue of Equity shares, appointment of Trustee is not required.

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MONITORING AGENCY

Since the net proceeds is less than Rs. 10,00,00,00,000, (Rupees One Hundred Crores) our Company is not required to make arrangements for monitoring agency, in terms of SEBI ICDR Regulations.

DETAILS OF UNDERWRITING

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

CHANGES IN AUDITORS

There has been no change in the Statutory Auditors during the three years immediately preceding the date of this Draft Letter of Offer.

FILING

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, this Draft Letter of Offer will be filed with the Stock Exchange and not with SEBI.

However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange. The Lead Manager to the Issue, for and on behalf of the Company, will do an online filing of the Letter of Offer with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, the Lead Manager to the Issue, for and on behalf of the Company, will submit a copy of the Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

ISSUE SCHEDULE

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date*	[●]

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

MINIMUM SUBSCRIPTION

The objects of the Issue involve financing other than financing of capital expenditure for a project and further our Promoters and Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the

extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

CAPITAL STRUCTURE

Share capital of our Company as at the date of filing of this Draft Letter of Offer with BSE is set forth below:

(Rs. in Lakh, except share data)

Share Capital	Aggregate Value at Face Value	Aggregate Value at Issue Price
(A) Authorized Share Capital 6,00,00,000 Equity Shares of Rs.10 each ^{&} 5,00,00,000 0.01% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each	6,000.00 5,000.00	
(B) Issued, Subscribed and Paid-Up Capital before the Issue 55,13,100 Equity Shares of Rs.10 each fully paid up 4,55,00,000 0.01% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each	551.31 4,550.00	
(C) Present Issue in terms of the Draft Letter of Offer[#] 4,41,04,800 Equity Shares of Rs. 10 each fully paid up	4,410.48	4,851.53
(D) Paid up Equity Capital after the Issue 4,96,17,900 Equity Shares of Rs. 10 each fully paid up*	4,961.79*	
(E) Securities Premium Account Before the Issue After the Issue		0.00 441.05

& The members of the Company in the Annual general Meeting held on November 24, 2021 have approved the increase in the authorized equity share capital from 2,00,00,000 Equity Shares of Rs.10 each to 6,00,00,000 Equity Shares of Rs.10 each. The Company is yet to receive approval from the Registrar of Companies.

The present Issue has been initially discussed and approved by the Board in its meeting held on September 11, 2021 and thereafter formally authorised through a resolution passed by our Board at its meeting held on October 14, 2021, pursuant to Section 62(1)(a) of the Companies Act..

** Assuming full subscription with respect to Rights Equity Shares*

For further details, please refer to the Chapter titled “The Issue” on page 44 of the Draft Letter of Offer.

Notes to Capital Structure:

1. Details of outstanding instruments as on the date of this Draft Letter of Offer:

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.

2. No Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Draft Letter of Offer.
3. No Equity Shares have been acquired by our Promoters or members of Promoter Group in the last one year immediately preceding the date of filing of this Draft Letter of Offer.

4. Intention and extent of participation by our Promoters and Promoter Group

Pursuant to letter dated December 16, 2021 (“Subscription Letter”), Gajraj Jain, one of our Promoters, have confirmed that they, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe to the full extent of their Rights Entitlements in the Issue and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI LODR Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

5. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is Rs. 11.81/- (Rupees Eleven Paise Eighty One) per equity share.

6. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI LODR Regulations

- a. The shareholding pattern of our Company as on September 30, 2021, can be accessed on the website of the BSE at:
<https://www.bseindia.com/stock-share-price/rainbow-foundations-ltd/rainbowf/531694/shareholding-pattern/>
- b. Statement showing holding of Equity Shares of the Promoter and Promoter Group including details of lock- in, pledge of and encumbrance thereon, as on September 30, 2021 can be accessed on the website of the BSE at:
<https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531694&qtrid=111.00&QtrName=September%202021>
- c. Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on September 30, 2021 can be accessed on the website of the BSE at:
<https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531694&qtrid=111.00&QtrName=September%202021>

7. Details of the Shareholders holding more than 1% of the issued and paid-up equity share capital

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on September 30, 2021 are available at: <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=531694&qtrid=111.00&QtrName=September%202021>

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Redemption of upto 3,65,00,000 (Three Crore Sixty Five Lakhs only) 0.01% Non- Convertible Redeemable Cumulative Preference Shares (NCRCPs) of Rs. 10 each; and
2. General Corporate Purposes

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the monies were raised through issue of NCRCPs which are now proposed to be redeemed in full or in part from the Net Proceeds.

DETAILS OF NET PROCEEDS OF THE ISSUE

The details of the estimated proceeds of the Issue are as follows:

Particulars	Amount in Rs. Lakh
Gross Proceeds from the Issue	4851.53
Less: Issue related expenses	35.00
Net Proceeds from the Issue	4816.53

DETAILS OF THE OBJECTS OF THE ISSUE

1. Redemption of upto 3,65,00,000 (Three Crore Sixty Five Lakhs only) 0.01% Non- Convertible Redeemable Cumulative Preference Shares (NCRCPs) of Rs. 10 (Rupees Ten only) each

Our company approved issuance and allotment upto 5,00,00,000 (Five Crore) NCRCPs at a face value of Rs. 10/- (Rupees Ten only) aggregating to Rs. 50,00,00,000 (Fifty Crores) on a Private Placement basis for a term of 20 (Twenty) years via a Board Resolution dated November 07, 2018 and Shareholder’s resolution dated December 05, 2018 with certain terms and conditions including a condition for redemption that such NCRCPs shall be redeemed within a period of not exceeding 20 (Twenty) years and not before completion of 15 (Fifteen) years from the date of allotment with a call option as may be determined by the Board. The Redemption shall be done at par or at premium as may be decided by the Board.

Out of the 5,00,00,000 (Five Crore) 0.01% Non- Convertible Redeemable Cumulative Preference Shares, 4,55,00,000 (Four Crore Fifty Five Lakhs) 0.01% Non-Convertible Redeemable Cumulative Preference Shares were issued to M/s Avance Technologies Limited.

In the interest of the Equity Shareholders, our Company deemed it prudent to revise the terms of redemption of the NCRCPs to enable the Company to redeem such NCRCPs at any time at the option of the Company and before completion of 15 (Fifteen) years and vary the terms and conditions w.r.t redemption of said NCRCPs.

The change in the time limit for redemption of the NCRCPs was approved by the holder of the Preference Shares in a class meeting held on October 29, 2021 and thereafter by the Equity Shareholders of the Company in their Annual General Meeting held on November 24, 2021.

Our Company proposes to utilize an estimated amount aggregating to Rs. 36,50,00,000 (Rupees Thirty Six Crores Fifty Lakhs) from the Net Proceeds of the Issue towards redemption of NCRCPs allotted by our Company.

Details of the Preference Shares proposed to be redeemed out of the Net Proceeds:

(Amount in Rs. Lakh)

S. No.	Name of the Lender	Nature of shares	Principal amount outstanding as on December 17, 2021*	Amount proposed to be repaid out of the net proceeds	Other terms and Conditions
	M/s Avance Technologies Limited	Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each	4,550.00	3,650.00	Coupon rate of 0.01% of the face value. The Redemption shall be done at par or at premium as may be decided by the Board.

**Certified by M/s GASM DANSR and CO., Chartered Accountants, Statutory Auditors of our Company vide their certificate dated November 24, 2021. Further, the Statutory Auditors of the Company have certified that the above monies raised by issue of NCRCPs had been utilized for the purposes for which it was raised.*

In case of any surplus after utilization of the Issue Proceeds for the redemption of the NCRCPs, our Company may use such surplus towards General Corporate Purposes subject to total utilization not exceeding 25% of the Gross Proceeds of the Issue. In the event Net Proceeds are insufficient for the redemption of the NCRCPs, such payment shall be made from the internal accruals of our Company.

2. General Corporate Purpose

We, in accordance with the policies of our Board, will have flexibility in applying the remaining Net Proceeds of this Issue of Rs. 11,66,52,800 (Rupees Eleven Crores Sixty Six Lakhs Fifty Two Thousand and Eight Hundred only), for general corporate purposes inter-alia including but not restricted to working capital, advertisement, capital expenditures, purchase of property, strategic initiatives, brand building exercises and strengthening of our marketing capabilities, and such other purposes as may be permitted under applicable statutory/regulatory requirements, and as approved by our Board of Directors.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board of Directors based on the amount actually available under the head "General Corporate Purposes" and the business requirements of the Company, from time to time. However, not more than 25% of the gross proceeds of the issue would be deployed for the General Corporate purposes.

REQUIREMENT OF FUNDS

The details of the Net Proceeds are set forth in the following table:

Particulars	Amount in Rs. Lakh
Redemption of upto 3,65,00,000 (Three Crore Sixty Five Lakhs only) 0.01% Non- Convertible Redeemable Cumulative Preference Shares (NCRCPs) of Rs. 10 (Rupees Ten only) each	3650.00
General Corporate Purposes	1166.53
Issue related expenses	35.00
Gross Proceeds from the Issue	4,851.53

There are no Strategic Partners or Financial Partners to the objects of the Issue.

MEANS OF FINANCE

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

APPRAISAL

None of the Objects of the Issue have been appraised by any bank or financial institution.

SCHEDULE OF IMPLEMENTATION AND DEPLOYMENT OF FUNDS

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2021-22.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Pursuant to the letter dated December 16, 2021 ("Subscription Letter"), Mr. Gajraj Jain, one of our Promoters, has confirmed that he, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoters or member of the Promoter Group of our Company). Further, our Promoters and members of the Promoter Group also reserve the right to subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements and subscribe to unsubscribed portion of the Issue, if any subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by the Promoters and Promoter Group, over and above their Rights Entitlements, if any, shall not result in change in control of the management of the Company and shall be in accordance with the provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

UTILIZATION OF NET PROCEEDS OF THE ISSUE

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(Amount in Rs. Lakh)

Particulars	Amount to be funded from the Net Proceeds	Estimated schedule of deployment of Net Proceeds in	
		FY 2021-22	FY 2022-23
Redemption of upto 3,65,00,000 (Three Crore Sixty Five Lakhs only) 0.01% Non-Convertible Redeemable Cumulative Preference Shares (NCRCPs) of Rs. 10 (Rupees Ten only) each	3650	3650	-
General Corporate Purposes	1166.53	1166.53	-
Net Proceeds from the Issue	4816.53	4816.53	-

BRIDGE LOAN

We have not raised any bridge loans which are required to be repaid from the Net Proceeds.

INTERIM USE OF FUNDS

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, we intend to deposit the net issue proceeds pending utilization only in the scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934

ISSUE RELATED EXPENSES

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Activity	Expense (in Rs. Lakh)	Percentage of Issue Expenses	Percentage of the Issue size
Fees of the Lead Managers, Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	19.00	54.29%	0.39%
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	5.00	14.29%	0.10%
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	11.00	31.43%	0.23%
Total Estimated Issue expenses	35.00	100.00%	0.72%

INTEREST OF PROMOTERS AND DIRECTORS IN THE OBJECTS OF THE ISSUE

No Promoter or Director is interested in the objects of the issue.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO RAINBOW FOUNDATIONS LIMITED ("THE COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS IN INDIA

Date: November 24, 2021

To
The Board of Directors
Rainbow Foundations Limited
No. 4, Thanikachalam Road, T. Nagar,
Chennai, Tamil Nadu- 600017

Dear Sirs,

Sub: Statement of possible Special Tax Benefits available to the Company and its shareholders under the direct and indirect tax laws

We refer to the proposed Right issue offering of equity shares (the “Offer”) of Rainbow Foundations Limited (“the Company”). We enclosed herewith the statement (the “Annexure”) showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws, including the Income Tax Act, 1961 (the “IT Act”), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as “Taxation laws”) including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2022-23 relevant to the financial year 2021-22 for inclusion in the Draft letter of offer as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”).

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect tax laws, including the Income Tax Act, 1961. Hence, the ability of the Company or its shareholders to derive these direct and/or indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the equity shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each equity shareholder is advised to consult their own tax consultants, with respect to the specific tax implications arising out of their participation in the Offer. We are neither suggesting nor are we advising the equity shareholders to invest or not to invest money based on this statement.

The contents of the enclosed Annexure are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express any opinion or provide any assurance whether:

- The Company or its Shareholders will continue to obtain these benefits in future; and
- The conditions prescribed for availing the benefits have been/would be met.

We hereby give our consent to include this report and the enclosed Annexure regarding the special tax benefits available to the Company and its shareholders in the Draft letter of Offer which the Company intends to submit to the Securities and Exchange Board of India and the stock exchanges, provided that the below statement of limitation is included in the Draft Letter of Offer.

LIMITATIONS

Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of Taxation laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the Annexure is on the express understanding that we do not assume responsibility towards

the Equity shareholders in the Right issue relying on the Annexure. This statement has been prepared solely in connection with the Offer of the Company under the ICDR Regulations.

For M/s. GASM DANSR AND CO.

Chartered Accountants

(Firm Registration No. **005986S**)

CA. A. GANESAN

(Membership No. **218179**)

UDIN: **21218179AAAADH7401**

Place: Chennai

Date: 24/11/2021

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO RAINBOW FOUNDATIONS LIMITED (“THE COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY (“SHAREHOLDERS”) UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

The information provided below sets out the possible special direct and indirect tax benefits available to Rainbow Foundations Limited (the “**Company**”) and the Shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws, as presently in force in India. Several of these benefits are dependent on the Company and the Shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the Company and the Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives, the Company or the Shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each equity shareholder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

EQUITY SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN EQUITY SHAREHOLDER CAN AVAIL IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY

A. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

The statement of tax benefits enumerated below is as per the Income Tax Act, 1961 (the “**IT Act**”) as amended from time to time and applicable for financial year 2021-22 relevant to assessment year 2022-23.

Lower corporate tax rate under section 115BAA

A new section 115BAA has been inserted in the IT Act by the Taxation Laws (Amendment) Act, 2019 (“**the Amendment Act, 2019**”) w.e.f. 1 April 2020 (i.e. Assessment Year 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the IT Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the IT Act further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (“**MAT**”) on their ‘Book Profits’ under section 115JB of the IT Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives under the IT Act and will also need to comply with other conditions specified in section 115BAA of the IT Act. Further, if a Company opts for section 115BAA, the tax credit under section 115JAA, if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

In addition to above, it shall not be allowed to claim set-off of any brought forward losses arising to it on account of additional depreciation and other specified incentives.

The Company has decided to opt for the lower corporate tax rate of 25.168% (prescribed under section 115BAA of the IT Act) with effect from Financial Year 2019-20.

Deductions from Gross Total Income - Section 80 JJAA

Section 80JJAA has been amended vide Finance Act, 2016 to extend employment generation incentives across all sectors. Section 80JJAA provides deduction in respect of employment of new employees, subject to fulfilment of prescribed conditions. The Company is entitled to claim deduction, under the provisions of section 80JJAA of the IT Act, of an amount equal to 30% of additional employee cost (relating to specified category of employees, i.e. whose total emoluments are less than or equal to Rs 25,000/- (Rupees Twenty Five Thousand only) per month) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The Company has not been claiming deduction under section 80JJAA.

Deduction in respect of inter-corporate dividends - Section 80M

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax (“DDT”) and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT has been abolished and dividend received by a shareholder on or after 1 April 2020, is liable to tax in the hands of the shareholder. The Company is required to deduct tax at source at applicable rate specified under the IT Act read with applicable Double Taxation Avoidance Agreement with Foreign Resident Country of the Shareholder (if any). With respect to a resident corporate shareholder, a new section 80M has been inserted in the IT Act to remove the cascading effect of taxes on inter-corporate dividends for Financial Year 2020-21 and subsequent years. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The ‘due date’ means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the IT Act.

B. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

- Dividend income earned by the Shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under section 80M of the IT Act would be available on fulfilling the relevant conditions. Further, in case of Shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- As per section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains, subject to fulfillment of prescribed conditions under the IT Act and as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is to be noted that tax shall be levied where such capital gains exceed Rs. 1,00,000/- (Rupees One Lakhs only).
- As per section 111A of the IT Act, short term capital gains arising from transfer of an equity share, or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the IT Act.

- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under the IT Act.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975, Foreign Trade policy, State Industrial Policies (collectively referred to as “Indirect tax”).

A. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special Indirect Tax benefits available to the Company

B. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special Indirect Tax benefits available to the shareholders of the Company

NOTE: WE HAVE NOT CONSIDERED GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY OR SHAREHOLDERS OF THE COMPANY.

OUR BUSINESS

Some of the information in this chapter, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 21, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 82 and 127, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Financial Statements, for details refer to “Financial Information” on page 82 of the Draft Letter of Offer.

OVERVIEW

Our Company was originally incorporated as a Public Limited Company in the name and style of “Rainbow Holiday Resorts International Limited” under the provisions of the Companies Act, 1956, vide certificate of incorporation issued on June 07, 1994, by the Registrar of Companies, Tamil Nadu. Our Company received the certificate for commencement of business on July 26, 1994, issued by the Registrar of Companies, Tamil Nadu. The name of our company was later changed to its present name “Rainbow Foundations Limited” and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Tamil Nadu with effect from October 16, 1996. The Corporate Identification Number of our company is L55101TN1994PLC027739.

Since its inception, the Company has been engaged in identifying, developing & promoting highly potential real estates for the purpose of development and selling of commercial and Residential Apartments in various places of Tamil Nadu.

Our Company is promoted by Mr. Anopchand Jain, Mr. Gajraj Jain, Mr. Navin Kumar Jain, Mr. Vikash Kumar Jain, Mr. Nitesh Jain, Mr. Ashish Jain, Mrs. Sarala Jain, Ms. Lalitha Jain, Mrs. N. Anitha Jain, Mrs. Sapna, Anop Chand Jain HUF, Gajraj Jain HUF, Navin and Sons, Vikash Jain HUF.

DESCRIPTION OF RELEVANT INDUSTRY

Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

In India, the real estate sector is the second-highest employment generator, after the agriculture sector. As per India Brand Equity Foundation report, Chennai is expected to be the fourth most favoured property investment destination for NRIs.

By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs. 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13% to the country’s GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Indian real estate sector has witnessed high growth in the recent times with rise in demand for office as well as residential spaces. According to Colliers India, a property consultant, institutional investments in the Indian real estate sector are expected to increase by 4% to reach Rs. 36,500 crore (US\$ 5 billion) in 2021, driven by rising interest of investors towards capturing attractive valuations amid the pandemic.

According to a recent report by Colliers India, private equity investments in Indian real estate reached US\$ 2.9 billion in the first half of 2021, which was a >2x increase from the first half in 2020.

The residential sector is expected to grow significantly, with the central government aiming to build 20 million affordable houses in urban areas across the country by 2022, under the ambitious Pradhan Mantri Awas Yojana (PMAY) scheme of the Union Ministry of Housing and Urban Affairs. Expected growth in the number of housing units in urban areas will increase the demand for commercial and retail office space.

The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

Source: <https://www.ibef.org/industry/real-estate-india.aspx>

I. DETAILS OF THE BUSINESS OF THE ISSUER

a. Primary business of the Issuer:

The company is in the business of Real estate development in India. It is engaged in the building of Flats, Commercial Complexes and Villas. The company is also engaged in the development and marketing of plots and pieces of land in Chennai.

The increasing city population has encouraged the promotion of apartments as well as individual houses and the demand in and around the city is increasing constantly. At present, the business of promotion of residential apartments is considered as one of the most profitable businesses. And there are not many promoters of independent houses. Independent houses promoted by reputed promoters are suited for higher income group and the number of promoters is a niche segment and there is ample scope for this business.

Further, the company has already constructed many apartments and independent houses in Chennai and the quality of the construction, the competitive rate of construction, the promptness in the execution of the contracts have already attracted many people.

It is ensured by the Company that all requisite infra-structural facilities like power, water, transport etc., are available in abundance in the place of identified projects.

The proposed Residential Projects of the Company are in prime locations of the City like Choolai and Purasawalkkam.

List of completed projects

Sr. No.	Project Name	Location	Type	Area	No. of Units
1	Rainbow Darshan	Thandavarayan St., George Town, Chennai	Residential	25,000	12
2	Rainbow Apartments	Kumarappa Street, George Town, Chennai	Residential	26,000	12
3	Rainbow Nikethan	Thirupalli Street, George Town, Chennai	Residential	23,000	12
4	Rainbow Naveen	Mint Street, George Town, Chennai	Residential	25,500	20
5	Rainbow Court	Hunters Road, Vepery, Chennai	Residential	35,000	20

6	Rainbow Praveen	Naickamar Street, West Mambalam, Chennai	Residential	40,000	30
7	Rainbow Ashish	Ellaiamman Koil Street, West Mambalam, Chennai	Residential	25,000	13
8	Rainbow Varsha	10th Avenue, Ashok Nagar, Chennai	Residential	15,000	5
9	Rainbow Villa	Barnaby Lane, Kilpauk, Chennai	Residential	14,000	8
10	Rainbow Avenue	Madipakkam, Chennai	Residential	75,000	110
11	Rainbow Rakhi	Flowers Road, Kilpauk, Chennai	Residential	12,000	5
12	Rainbow Rajbhavan	Millers Road, Kilpauk, Chennai	Residential	20,000	8
13	Rainbow Arihant	Srinivasan Street, Mandaveli, Chennai	Residential	15,000	12
14	Rainbow Plaza	Purasawalkkam High Road, Chennai	Commercial	50,000	100
15	Rainbow Arcade	Thyagaraya Road, T.Nagar, Chennai	Commercial	50,000	110
16	Rainbow Adinath	Swami Pillai Street, Choolai, Chennai	Residential	40,000	25
17	Rainbow Kasthuri	3rd Main Road, R.A. Puram, Chennai	Residential	20,000	12
18	Rainbow Balaji Garden	Building Society Road, Kodaikanal	Residential	40,000	35
19	Rainbow Abhay	Flowers Road, Kilpauk, Chennai	Residential	18,000	15
20	Rainbow Sripal	Gopal Menon Street, Choolai, Chennai	Residential	14,000	10
21	Rainbow Nakoda Plaza	Govindappa Street, George Town, Chennai	Commercial	35,000	45
22	Rainbow Paras	Ibrahim Syed Street, Kondithope, Chennai	Residential	75,000	50
23	Vijay Nagar	Rathnamangalam Village, Vandalur, Chennai	Layout Project	2,25,000	110
24	Naveen Nagar	Arakkonam, Vellore District	Layout Project	1,50,000	72
25	Siddharth Nagar	Rathnamangalam Village, Vandalur, Chennai	Layout Project	1,00,000	50
26	Rainbow Orchid	Kilpauk, Chennai	Residential	19,000	8
27	Rainbow Navkar	George Town, Chennai	Residential	18,563	29

28	Rainbow Tulip	Purasawalkkam, Chennai	Residential	46,224	29
29	Rainbow Courtyard	Velachery, Chennai	Residential	9,220	7
30	Rainbow Nest	Perungalathur, Chennai	Residential	10,267	12
31	Rainbow Utsav	Perungalathur, Chennai	Residential	11,305	12
32	Rainbow Paradise	MKB Nagar, Chennai	Residential	1,01,680	80
33	Rainbow Retreat	Krishnankarai, ECR	Residential	33,000	32
34	Rainbow Siddhachal	Demellows Road, Choolai	Residential	2,62,500	141
35	Rainbow Navkar	Sattannan Street, Choolai	Residential	60,000	16
	Total			17,39,759	1274

List of ongoing projects

Sr. No.	Project Name	Location	Type	Area Sq.ft.	No. of Units
1.	Rainbow Pinnacle	Millers Road, Kilpauk	Residential Apartments	75,350	33
2.	Rainbow Girnar	Demellows Road, Choolai, Chennai	Residential Apartments/ Commercial	3,27,750 +28,000	Resi: 145 + Comm: 5
3.	Rainbow Crystal Height	Purasawalkkam High Road	High Street Retail & Residential Apartments Project in 28 grounds at Purasawalkkam High Road (previously Abirami Mega Mall) Kilpauk, Chennai		
4.	Rainbow Trade Centre	Demellows Road, Choolai, Chennai	Commercial Project		
5.	Rainbow Sarala Avenue	Arakkonam	Affordable residential flats and Villas Project		

List of Future Projects

1. Commercial Complex on Purasawalkkam High Road, Chennai
2. Arakkonam – Phase II (419.27 acres)
3. Warren Road, Mylapore, Chennai-4
(Proposed 10800 sq.ft. in 3 grounds residential project)
4. G.P. Road, Chennai -2
(Proposed commercial project)
5. Bangalore High Way, Sriperumbudur
(Proposed residential project in 10 acres)

b. Plant, machinery, technology, process, etc.:

I. PLANT AND MACHINERY

- A. The following Table summarizes the list of major Machinery used in the construction activities by the sub-contractors who undertake the work of construction of the projects.

No machine is owned/hired/used by the Company itself as it does not undertake any construction activity itself.

S. No.	Name of Machine
1.	JCB
2.	Crane
3.	Mixer RH-100
4.	Mixer RH-800
5.	Earth Movers / Escalators
7.	Lifts / Hoists
8.	Generators

II. BUSINESS PROCESS

- **Identification of a project**

Our company has a rich heritage of completed as well as ongoing projects in the heart of Chennai Metropolitan area. Identifying a prospective project is one of the most basic and essential steps. Several factors are taken into account while carrying out due diligence for identification of projects which inter alia includes the location of property in the vicinity of schools, colleges, hospitals, metro, railway stations, bus stand, etc. Surrounding communities around a specific location is also a vital factor for deciding the viability of a project.

- **Demolition**

If the property is pre-constructed, then the company applies to Town Planning Section- Works Department, Greater Chennai Corporation for getting demolition orders. Once the approval is granted by Town Planning Section, Works Department, Greater Chennai Corporation in accordance with the provisions of Section 246(A) of Chennai City Municipal Corporation Act, 1919, the company undertakes the demolition process subject to the following conditions:

- Suitable arrangements are made to reduce the dust nuisance.
- Necessary barricading with the suitable material are provided.
- All precautionary measures are taken to prevent the danger and damages to the neighbouring building and passerby.
- If the building is occupied by any tenant(s), demolition activity is taken only after evicting such tenant(s) from the building through due process of law.

- **Soil Testing**

Soil testing is the first step in construction planning to understand the suitability of soil for proposed construction work.

Soil which is responsible for allowing the stress coming from the structure should be well tested to give excellent performance. If soil is not tested properly, then risk of leaning, damage or collapse of whole or part of building or structure thereof arises. So, soil inspection or testing is an indispensable step before proceeding for any construction work.

- **No Objection Certificates**

1. Air force clearance- For all building and obstructions which falls within RED ZONE of Air Force Station, Tambaram, No Objection Certificate is required to be obtained. NOC is also required from Air Force Station, Tambaram, if the building height is more than 69M (AMSL) in SKY BLUE or PINK ZONE, 144M (AMSL) in YELLOW ZONE and 174M (AMSL) in GREEN ZONE.

2. AAI Clearance- As per the provisions of Government of India (Ministry of Civil Aviation) order GSR 751(E) dated 30th September 2015 for Safe and Regular Airport Operations, there are certain restrictions on constructions, erections, plantation of trees etc. as specified in Rule 4 of the Ministry of Civil Aviation (Height Restrictions for Safeguarding of Aircraft Operations) Rules, 2015 for which No Objection certificate is to be taken.

After considering the No Objection Certificate issued by the designated officer or the authorised officer, the concerned Local, Municipal or Town Planning and Development Authorities approves the construction of buildings or structures not exceeding the Permissible Top Elevation. Local, Municipal or Town Planning and Development Authorities take into account the existing building regulations or bye-laws or any other law for the time being in force before approving the construction of buildings or structures.

3. Environmental Clearance (EC) - State Level Environment Impact Assessment Authority, Tamil Nadu grants No objection certificate under the Environment Impact Assessment Notification, 2006.
4. PWD/WRD- Public Works Department/ Water Resource Department, Tamil Nadu accords technical opinion along with NOC on important matters such as inundation for a specific construction project after inspecting the site through their field officers. PWD/WRD forms a technical opinion keeping in view different factors such as type of terrain, location of site, proximity to canals, elevation level of site etc.
5. Fire and safety – Tamil Nadu Fire and Rescue Services Department grants Planning Permission No Objection Certificate (PP NOC) for a proposed construction after inspection of site by the Multi storey Building (MSB) Inspection Committee. On the recommendation of the MSB Inspection Committee, Planning Permission No Objection Certificate (PP NOC) is issued by Tamil Nadu Fire and Rescue Services Department subject to fulfillment of some conditions as may be recommended by the MSB Committee in relation the proposed construction site.
Once the project gets completed, Compliance Certificate is required to be obtained from Tamil Nadu Fire and Rescue Services Department to ensure compliance with the Fire Safety Measures.
6. Government approval-
Planning Permission is issued by Chennai Metropolitan Development Authority, Chennai.
Building permission is issued by Greater Chennai Corporation, Chennai.
7. Demolition order- Town Planning Section- Works Department, Greater Chennai Corporation issues demolition orders.
The Company applies to Town Planning Section- Works Department, Greater Chennai Corporation for obtaining demolition orders as required in case of pre constructed property. Demolition process is undertaken only after getting approval from the concerned Department pursuant to the provisions of Section 246(A) of Chennai City Municipal Corporation Act, 1919 and subject to fulfillment of conditions as required for the proposed demolition process.
8. Tamil Nadu Pollution Control Board- As per the provisions of Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, no person shall, without the previous consent of the State Board,—
(a) establish or take any steps to establish any industry, operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent; or
(b) bring into use any new or altered outlet for the discharge of sewage; or

(c) begin to make any new discharge of sewage.

Our Company makes an application for consent of the Tamil Nadu State Board under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 to establish or take steps to establish the industry, operation or process, or any treatment and disposal system.

- Apply with Real Estate Regulatory Authority (RERA) - The Company is required to get registration certificate for a proposed project from Tamil Nadu Real Estate Regulatory Authority. Registration is granted under section 5 of The Real Estate (Regulation and Development) Act, 2006. RERA Registration Number is allotted to a project which needs to be quoted in any form of advertisement on relation to that project.
- Outsourcing the Construction activity- The Company outsources the construction related activity to third party contractors. The Company do not employ any labour, worker on its payroll.
- Completion of project
- Apply for Completion certificate - For all buildings except residential building upto 12m in height not exceeding 3 dwelling units or 750 sq.m and all type of Industrial buildings, the Applicant or Owner or Power of Attorney Holder or Registered Developer and any other Person who is acquiring interest shall submit a completion report in Form 5 along with Form 6, 7 and 8 in Annexure – XIV to Tamil Nadu Combined Development and Building Rules, 2019, to obtain Completion Certificate, certifying that the building has been completed as per the approved plan, from the competent authority that has issued Planning Permit before getting service connections such as electric power connection, water supply sewerage connection. These service connections shall be given by the service provider to these buildings only after the production of the Completion Certificate.
- Apply for EB and water connection – After getting the Completion Certificate, the Company applies for EB connection from Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and water connection from Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) in Tamil Nadu.
- Handover the property- The Company after completing the above mentioned tasks, hands over the property to the buyers within the stipulated time for completion of the project.

c. Collaborations, any performance guarantee or assistance in marketing by the collaborators:

Nil

III. OUR COMPETITIVE STRENGTH

- **Rich experience of our Promoters and Management**

Our Promoters and Management have rich and vast experience of almost four decades in successfully operating the business. Owing to the vast experience, our Promoters and Management have knowledge of core aspects of our Business, which give us an edge over our competitors operating in similar segment. The company has a strong team of executives such as managing marketing, civil works, legal, customer service and all of them report to Mr. Gajaj Jain, Joint Managing Director of the Company.

- **Proximity of Projects**
All the Residential & Commercial Projects are in proximity to Schools, Colleges, Hospitals, Railway Stations, Bus Stand, etc.
- **Adequate Basic Necessities**
Our company has ensured adequate supply of basic amenities such as water and power, disposal of garbage, Rainwater harvesting, etc., as per the required norms.
- **Execution of Project**
Our company has always carried out the execution of various projects in line with the approval plan accorded to us C.M.D.A, Corporation of Chennai and other Local Authorities. Rainbow Foundations Ltd. proposes to use the services of M/s Chettinaad Design, Chennai, M/s Fountainhead Architects, Hyderabad and M/s Selvarajan & Associates, Consultant Architects, Chennai for designing the residential units in an orderly fashion acceptable to Chennai Metropolitan Development Authority (CMDA). They are already on the operations team of Rainbow. M/s Goodwill Builders, M/s Keystone (Chennai) Construction and Interiors Pvt. Ltd., and M/s Saroj Foundation, three experienced Civil Contractors are managing the construction. Rainbow has a good operational team staffed for quality control, sales and for customer service.
- **Profitability**
The Company has registered profit for all the years and maintained consistent growth and turnover. The Company has now proposed for expansion by undertaking many projects. At present, the business of promotion of residential apartments is considered as one of the most profitable businesses. And there are not many promoters of independent houses. Independent houses promoted by reputed promoters are suited for higher income group and the number of promoters is very few so there is ample scope for this business.
- **Brand Recognition**
The company has already constructed many apartments and independent houses in Chennai and the quality of the construction, the competitive rate of construction, the promptness in the execution of the contracts have already attracted many people.
- **Accessibility**
It is ensured by the Company that all requisite infra-structural facilities like power, water, transport etc., are available in abundance in the place of identified projects.
- **Location of the Proposed Residential Projects**
The proposed Residential Projects of the Company are in prime locations of the City like Choolai and Purasawalkkam.

IV. BUSINESS STRATEGY

Marketing and selling arrangements

Rainbow has a team of over 25 real estate consultants located in Chennai, Trichy, Madurai and Kodaikanal for marketing its apartments. A sales team headed by Mr. Vikas Jain of the Company services this distribution channel. In addition, Rainbow aggressively markets its products to Indians living abroad through a combination of advertisements through newspapers, websites and resident representatives.

The Major source of sales in the company is by direct sales on the goodwill and face value of the company. The Company conducts a project launch event before starting the construction and invite the prospective buyers of that locality and demonstrate the project and distribute the brochures and materials.

The Company also setup a site office where the marketing materials are available for walking customers.

The major sales is made directly to customers and company does not have any specific selling arrangements.

V. INTELLECTUAL PROPERTY RIGHTS


Trademarks and Patents are essential to our business to strengthen our competitive position. Please find below details of trademarks and patents registered by the Company:

PATENTS

Nil

TRADEMARKS

A Trade Mark has been registered in the name(s) of “**RAINBOW FOUNDATIONS LIMITED**”

and , No.4, Thanikachalam Road, T.Nagar, Chennai-600017, Company Incorporated under The Companies Act, 1956 under Trade Marks Act, 1999 under Class 37, Trade Mark No. 4284742 as of the date 05 September 2019 in respect of Construction of Commercial/Residential complexes, residential houses and real estate services.

MSME REGISTRATION

RAINBOW FOUNDATIONS LIMITED is registered as MSME under Ministry of Micro, Small and Medium Enterprises vide **Udyam Registration No. UDYAM-TN-02-0028819** issued on December 25th, 2020.

VI. LAND & PROPERTY

The Company occupies the following immovable properties:

S.No.	Location of Property	Activity carried on by the Company	Title of the Company	Lessor/ Licensor (if applicable)
1.	Shops at Rainbow Arcade, 21, Thyagaraya Road, T.Nagar, Chennai 600017	Premised have been given on lease	Owned by the Company	NA
2.	No. 4, Thanikachalam Road, T. Nagar, Chennai, Tamil Nadu- 600017	Registered Office of the Company	Tenant	Lessor: Mr. M.L. Krishnakumar

Besides the above the Company owns various properties in the form of stock in trade. There is no property that has been purchased or acquired by the Company or is proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by this Draft Letter of Offer or the purchase or acquisition of which has not been completed at the date of issue of the Draft Letter of Offer.

VII. EMPLOYEES

As on the date of this Draft Letter of Offer, our Company has 18 (Eighteen) employees on its payroll. The breakup of our manpower is as follows:

S. No.	Particulars	No. of persons
1.	Executive Director(s)	3
2.	KMPs	2
3.	Other Staff	13
4.	Contract Labour	Nil

VIII. INSURANCE

The following are the details of insurance policies taken by us:

S.No	Particulars of Asset insured	Value of Asset (Rs.)	Sum Insured (Rs.)	Insurance Company	Insurance Policy Number
1	Hyundai/grand i10	215000	215000	The New India Assurance Co Ltd	71090431200100013904
2	Hyundai - Creta SX 1.6 Petrol	729000	729000	Shriram General Insurance Company Limited	421010/31/21/007599
3	Honda - City 1.5 V MT	638000	638000	Shriram General Insurance Company Limited	421010/31/20/008764
4	Honda Active 5G	56000	56000	Reliance General Insurance	120321823720001015
5	Honda Dio	13384	13384	Reliance General Insurance	920222123122142819
6	Toyota - Innova 2.0 G 8 STR BS-IV	162000	162000	Shriram General Insurance Company Limited	421010/31/22/001645
7	BMW X1	2228310	2228310	TATA AIG Insurance	3100883290
8	Mercedes-Benz/E Class E 220 Cdi AvantgardE/SE DAN	4752000	4752000	TATA AIG Insurance	3101045410 00
9	Toyota Innova Crysta 2.8 ZX AT 7 STR	1500000	1500000	ICICI Lombard	001/224982913/00/000,
10	Maruti Suzuki - Alto LXI	55000	55000	Shriram General Insurance Company Limited	421010/31/21/007596
11	Bajaj Auto Rickshaw	160000	160000	United India Insurance Company Limited	0108043119P110427202

OUR MANAGEMENT

BOARD OF DIRECTORS

Currently, our Company has 06 (Six) Directors on its Board, including 03 (Three) Independent Directors.

The following table sets forth the details regarding the Board of Directors as on the date of filing of this Draft Letter of Offer.

Name, DIN, Designation, Date of Birth, Age, Qualification, Experience, Address, Occupation, Date of expiration of current term, Period of Directorship
Name: Anop Chand Jain DIN: 02215110 Designation: Managing Director Date of Birth: 07-08-1952 Age: 69 years Qualification: Intermediate Experience: He has immense experience lasting over 3 decades in the field of finance and construction. Address: Old No. 10, New No. 23, Flowers Road, Kilpauk, Chennai, Tamil Nadu India- 600010 Occupation: Business Date of expiration of current term: December 16, 2024 Period of Directorship: Director of the Company since June 07, 1994 Details of Directorships/ Partners in other Companies / LLP: Nil

Name, DIN, Designation, Date of Birth, Age, Qualification, Experience, Address, Occupation, Date of expiration of current term, Period of Directorship

Name: Gajraj Jain

DIN: 01182117

Designation: Joint Managing Director

Date of Birth: 14-07-1961

Age: 60 years

Qualification: Graduate in B.Com.

Experience: Around 35 years of experience in Real Estate Business.

Address: Rainbow Ashish, No. 35, Ellai Amman Koil Street, West Mambalam, Chennai, Tamil Nadu, India- 600033

Occupation: Business

Date of expiration of current term of office of Director: Feb 14, 2022 (extended upto February 13, 2025)

Period of Directorship: Since June 7, 1994

Details of Directorships/ Partners in other Companies / LLP:

- Annai Rainbow Foundations LLP
- Annai Buildtech Promoters LLP

Name, DIN, Designation, Date of Birth, Age, Qualification, Experience, Address, Occupation, Date of expiration of current term, Period of Directorship

Name: Navin Jain

DIN: 02213825

Designation: Executive Director

Date of Birth: 27-09-1976

Age: 45 years

Qualification: BBA

Experience: Around 15 years

Address: 23, Flowers Road, Bunglow No.5
Kilpauk, Chennai, Tamil Nadu India- 600010

Occupation: Business

Date of expiration of current term: December 28, 2025

Period of Directorship: Director of the Company since June 30, 2020

Details of Directorships/ Partners in other Companies / LLP:

- Rajgharana Housing Limited

Name, DIN, Designation, Date of Birth, Age, Qualification, Experience, Address, Occupation, Date of expiration of current term, Period of Directorship

Name : Pushpala Motiram Manjith

DIN: 02161987

Designation: Independent Director

Date of Birth: 03-06-1987

Age: 34 years

Qualification: B.E.

Experience: Rich experience of over 8 years in varied fields like Commerce, Marketing, Administration, Real Estate and Finance, etc

Address: Old No.31, New No 12, Gopal Street, T.Nagar, Chennai, Tamil Nadu, India- 600017

Occupation: Business

Date of expiration of current term: September 29, 2024

Period of Directorship: Since August 13, 2019

Details of Directorships/ Partners in other Companies / LLP:

- Lalimo Web Services Private Limited
- Cyclotron Technologies Private Limited
- Opera Right Choice Realty Private Limited

Name : Sampat Raj Singhvi

DIN: 01786782

Designation: Independent Director

Date of Birth: 05-07-1958

Age: 63 years

Qualification: Intermediate

Experience: He has 35 years rich experience in the field of Textile and finance.

Address: 20/4, Gopal Menon Street, Choolai Chennai, Tamil Nadu India- 600112.

Occupation: Business

Date of expiration of current term: September 28, 2024

Period of Directorship: Since September 03, 2007

Details of Directorships/ Partners in other Companies / LLP: Nil

Name, DIN, Designation, Date of Birth, Age, Qualification, Experience, Address, Occupation, Date of expiration of current term, Period of Directorship
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Name: Maithri Jayakkar

DIN: 07155574

Designation: Independent Director

Date of Birth: 21-08-1963

Age: 58 years

Qualification: M.A., B.Ed.

Experience: She has 25 years of rich experience in varied fields like Commerce, Banking, Accountancy, Marketing, Law, Finance, etc.

Address: “Sri Kalki Charan”, 23/18, Sri Ram Nagar, Thiruvanmiyur, Chennai, Tamil Nadu, India- 600041

Occupation: Business

Date of expiration of current term: September 29, 2024

Period of Directorship: Since February 14, 2019

Details of Directorships/ Partners in other Companies / LLP: Nil

Brief Profile of our Directors

Mr. Anopchand Jain, Managing Director

Mr. Anopchand Jain, aged 69 years, took to his family business quite early after his studies. He is a businessman with high credibility in the industry. He has the reputation of being a successful businessman and he is reputed for his acumen in finance, decision-making and leadership qualities. He enjoys an exalted position in the business community and society of Chennai. He has immense experience lasting over 3 decades in the field of finance and construction. In the year 1974 he started with finance/auto hire purchase as a proprietor and in the year 1982 he tried himself in the field of property development as a Proprietor in the name and style of M/s Rainbow Real Estate and thereupon developed millions of square feet of residential layouts in and around Chennai. Such experience and vision to foresee a creative future resulted in starting his own enterprise in the name of Rainbow Foundations Ltd. in the year 1994. He is the founder Managing Director of M/s Rainbow Foundations Limited. He has been the mastermind of several successful projects for the company. Under his leadership, the company is well poised to expand its business presence to greater heights in the near future.

Mr. Gajraj Jain, Joint Managing Director

Mr. Gajraj Jain, aged about 60 years, is a Promoter Director of the Company. He is a Commerce Graduate who opted for a business career very early in life. For over a decade, he was also a proprietor of a textile showroom till 90's and later on changed to Real estate business joining hands with his elder brother Mr. Anopchand Jain, Managing Director of Rainbow Foundations Ltd. He became Joint Managing Director of M/s Rainbow Foundations Limited, and has been instrumental in building the business from its initial stages. As a knowledgeable and well informed professional in the industry his

accomplishments are many. By virtue of his untiring efforts and wise moves, he has paved way for the successful implementation of several innovative projects of the company, during the last two decades. He is well connected with the construction business community in Chennai and is conversant with the nuances of the trade he is in. He has contributed immensely to enable Rainbow Foundations to reach the current level of operations which is impressive by any standard, from very humble beginning. As a prolific go getter, he is very familiar in many aspects of business.

Navin Jain, Executive Director

Mr. Navin Jain, aged 45 years is a Graduate in Business Administration. He has been associated with the construction industry over 2 decades. He is Director of M/s Rajgharana Housing Limited and recently appointed as the Executive Director of Rainbow Foundations Ltd. He has rich experience in varied fields like Commerce, Marketing, Administration, Real Estate and Finance, etc. He is a dynamic person with leadership qualities and strong social and communication skills, enjoy facing challenges and looking forward to new life experiences. With his experience and guidance, the engineers at the site perform their duties

Mr. Pushpala Motiram Manjith, Independent Director

Mr. Pushpala Motiram Manjith, aged 34 years is an Engineering Graduate. He has been associated with the construction industry, being a Director of M/s Rainbow Foundations Ltd. recently. He has rich experience in varied fields like Commerce, Marketing, Administration, Real Estate and Finance, etc. He is a dynamic person with leadership qualities and strong social and communication skills, enjoy facing challenges and looking forward to new life experiences.

Mr. Sampat Raj Singhvi, Independent Director

Mr. Sampat Raj Singhvi, aged around 63 years has immense experience lasting over 3 decades in the field of Textile and finance as proprietor. He is a businessman with high credibility in the industry. He has the reputation of being a successful businessman. He has immense experience lasting over 3 decades in the field of Textile and finance. He is also associated with the construction industry, being a Director of M/s Rainbow Foundations Ltd., for the past six years. Under his guidance the company is well poised to expand its business presence to greater heights in the near future.

Mrs. Maithri Jayakar, Independent Director

Mrs. Maithri Jayakar, aged 58 years is a Post Graduate in Arts. She has rich experience in varied fields like Commerce, Banking, Accountancy, Marketing, Law, Finance, etc. She is a dynamic person with leadership qualities and strong social and communication skills, enjoy facing challenges and looking forward to new life experiences.

Details of current and past directorship(s) of the above Directors for a period of 5 years in listed companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Draft Letter of Offer, during the term of his/her directorship in such company.

Details of current and past directorship(s) of the above Directors in listed companies which have been/ were delisted from the stock exchange(s), during his/her tenure in the past ten years

None of our Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange during the ten years preceding the date of this Draft Letter of Offer, during the term of his/her directorship in such company.

KEY MANAGEMENT PERSONNEL

Our Company is managed by its Board of Directors, assisted by qualified professionals, in the respective field of production/finance/ distribution/marketing and corporate laws.

The following key personnel assists the management of our Company:

S. No.	Name, Designation, Qualification	Date of Joining	Age (Yrs)	Term of office with date of expiration of term	Experience (yrs)
1.	Name: Nitesh Jain Designation: CFO Qualification: MBA (UK)	May 30, 2016	33 years	As per Company rules	5 years
2.	Name: Niroshaa Kathiravan Designation: Company Secretary Qualification: Associate Member of the Institute of Company Secretaries of India and Master in Commerce	December 17, 2018	28 years	As per Company rules	8 years

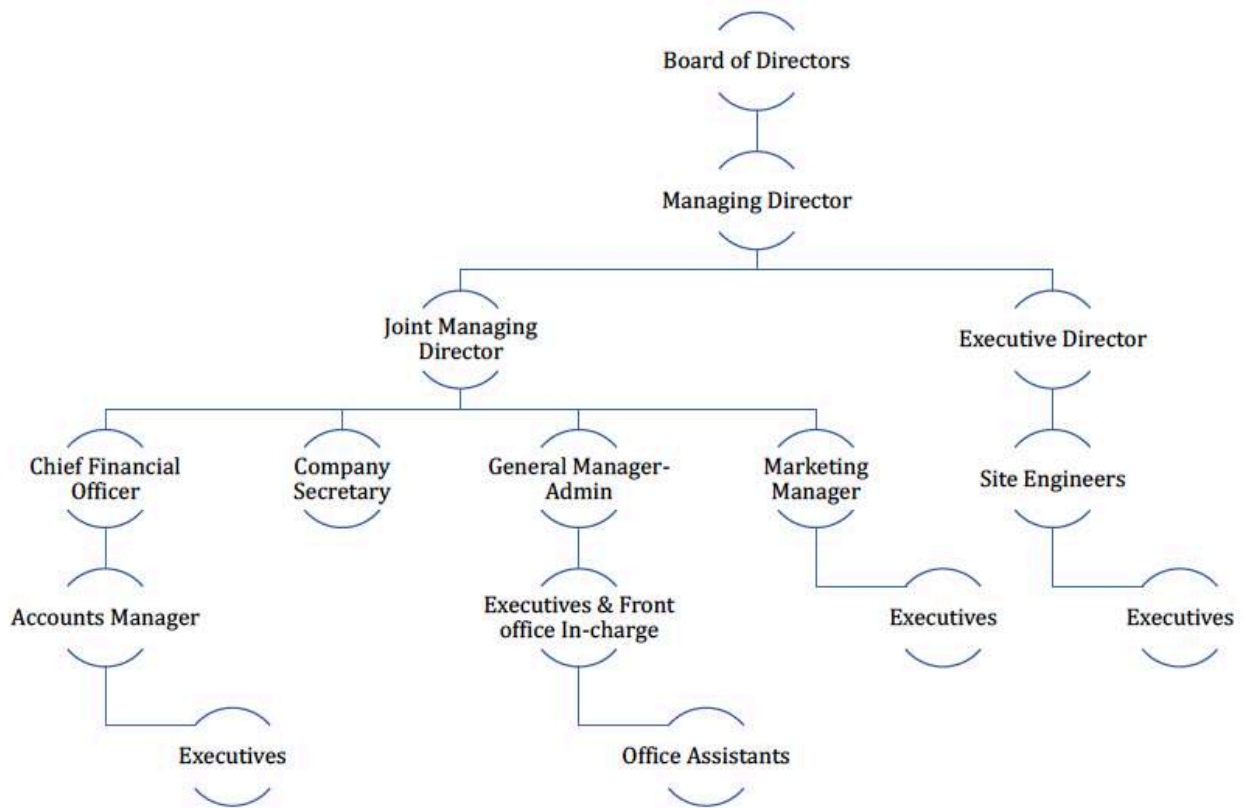
Brief Profile of Key Managerial Personnel

All the Key Managerial Personnel as stated above are Permanent employees of the Company.

Nature of any family relationship between any of the Key Managerial Personnel:

None of the Key Managerial Personnel are related to each other or to the Directors or Promoters of the Company.

ORGANIZATION STRUCTURE



DIVIDEND POLICY

Under the Companies Act, 2013, an Indian Company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the Shareholders. Under the Companies Act, 2013, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend since incorporation.

Dividends are payable within thirty days of approval by the Equity Shareholders at the annual general meeting of our Company and in case of interim dividend within thirty days of the declaration by the Board of Directors. When dividend is declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S.No	Particulars	Page No
1.	Audited Financial Statements as at and for the year March 31, 2021	83
2.	Limited Review Financial Information for the three-month period ended September 30, 2021	119

GASM DANSR AND CO.,

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To
The Members of Rainbow Foundations Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Rainbow Foundations Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw your attention to Note 33 of the financial statements, which describes that certain estimates and judgments were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	Auditor's Response
<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>Accounting for construction contracts is considered as a Key Audit Matter as there are significant accounting judgements in estimating revenue to be recognised on contracts with customers, including estimation of costs to complete and determining the timing of revenue recognition.</p> <p>The Company recognises revenue and profit/loss based on stage of completion based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue is thus dependent on estimates in relation to total estimated costs of each contract. Cost contingencies are included in these estimates to take into account specific uncertain risks, or disputed claims against the Company, arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the contract life and adjusted where appropriate. The revenue on contracts may also include variable consideration (variations and claims). Variable consideration is recognised when the probability of reversal of such revenue is low.</p>	<p>Principal Audit Procedures</p> <p>Our audit process included to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing.</p> <p>Evaluating the design and implementation of key internal controls over the contract revenue and cost estimation process through the combination of procedures involving inquiry and observations, reperformance and inspection of evidence in respect of operations of these controls.</p>

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.



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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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India.

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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements 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 financial statements.

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.

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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes 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, Statement of cash flow and Statement of changes in Equity 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 Companies (Indian Accounting Standards) Rules, 2015, as amended.



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GASM DANSR AND CO.,


Chartered Accountants

- (e) On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2021 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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 Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Chennai
Date: 30/06/2021

For M/s. GASM DANSR AND CO.



(GANESAN)
(Partner)

(Mem No: 218179)

2-G, II floor, J. P. Tower, 1/1, Dr. Thirumurthy Nagar
Main Road, Chennai 600034
Firm Reg No: 005986S
UDIN: 21218179AAAAACE6498



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Fax : 91-44-45008518 E-mail : gasmdansr@gmail.com / ananddevkumar@me.com
Branch Office : Mogappair, K.K.Nagar - Tamil Nadu and Faridabad - Haryana



ANNEXURE TO THE AUDITORS REPORT

The Annexure referred to in Paragraph 2 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 2021 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) In respect of the Company's property, plant and equipment
 - 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, Management has represented that 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 accounts and the records, has been properly dealt with in the books of accounts and 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, provisions of clause 4(iii) of the Companies (Auditor's Report) Order, 2016 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 deposits from public and hence the directives issued by the Reserve Bank of India and provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder with regards to the deposits accepted from the public are not applicable and no order have been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (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 section (1) of section 148 of the Act, in respect of activities carried on by the company.



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GASM DANSR AND CO.,

Chartered Accountants

(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, Goods and Service 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, 2021 for a period of more than six months from the date when they became payable.
- 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, Good and Service Tax have not been deposited on account of any dispute. The particulars of Income Tax as at 31st March 2021 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 Commissioner of Income Tax (Appeals) Chennai
Income Tax Act 1961	Income Tax Along with Interest till the date of Assessment	Rs. 73,01,330/-	AY 2013-14	The Commissioner of Income Tax (Appeals) Chennai
Income Tax Act 1961	Income Tax Along with Interest till the date of Assessment	Rs. 8,09,29,010/-	AY 2012-13	The Commissioner of Income Tax (Appeals) 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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GASM DANSR AND CO.,

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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 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, during the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.
- (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 Companies (Auditor's Report) Order, 2016 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 Companies (Auditor's Report) Order, 2016 are not applicable to the company and hence not commented upon.

Place: Chennai
Date: 30/06/2021

For M/s. GASM DANSR AND CO.


(GANESAN)
(Partner)
(Mem No: 218179)



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GASM DANSR AND CO.,
Chartered Accountants

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 2021 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.



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GASM DANSR AND CO.,

Chartered Accountants

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 2021, 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: 30/06/2021

For M/s. GASM DANSR AND CO.



(GANESAN)

(Partner)

(Mem No: 218179)

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Main Road, Chennai 600034

Firm Reg No: 005986S

UDIN: 21218179AAAACE6498



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GASM DANSR AND CO.,

Chartered Accountants

Independent Auditor's Certificate on Corporate Governance

The Member of Rainbow Foundations Limited

No. 4, Thanikachalam Road, T. Nagar,

Chennai 600017

Tamil Nadu

1. The Corporate Governance Report prepared by Rainbow Foundations Limited ("the Company"), contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ("applicable criteria") with respect to Corporate Governance for the year ended March 31, 2021. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR'S RESPONSIBILITY

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include but not limited to verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.



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GASM DANSR AND CO.,

Chartered Accountants

8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

OPINION

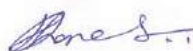
9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 1 above.

OTHER MATTERS AND RESTRICTION ON USE

10. This Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

Place: Chennai
Date: 30/06/2021

For M/s. GASM DANSR AND CO.



(GANESAN)
(Partner)
(Mem No: 218179)



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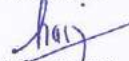
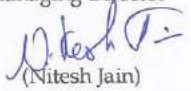
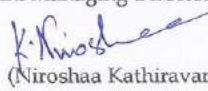
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RAINBOW FOUNDATIONS LIMITED
4, THANIKACHALAM ROAD,
T.NAGAR, CHENNAI - 600 017

Balance Sheet as at 31st March, 2021

(Rs. In thousands)

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
Assets			
Non-Current Assets			
Property, Plant & Equipment	4	14,700.57	15,933.30
Other Non-Current Assets	5	429.15	429.15
Total Non-Current Assets		15,129.72	16,362.45
Current Assets			
Inventories	6	23,75,963.94	21,48,353.43
Financial Assets			
Investments	7	4,342.87	2.97
Trade receivables	8	31,611.80	72,299.97
Cash and cash equivalents	9	3,232.49	2,776.76
Loans	10	5,77,037.70	5,32,841.88
Other current assets	11	21,336.15	6,472.82
Total Current Assets		30,13,524.95	27,62,747.83
Total Assets		30,28,654.67	27,79,110.28
II. EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	5,10,131.00	5,10,131.00
Other Equity	13	1,33,237.18	1,21,854.57
Total Equity		6,43,368.18	6,31,985.57
Non-Current Liabilities			
Financial Liabilities			
Borrowings	14	1,35,942.94	1,25,190.12
Deferred Tax Liability (Net)	15	1,129.00	799.11
Total Non-Current Liabilities		1,37,071.94	1,25,989.23
Current Liabilities			
Financial Liabilities			
Borrowings	16	5,39,524.44	7,06,017.27
Trade payables	17	-	-
Micro and Small Enterprises		-	-
Other than Micro and Small Enterprises		5,00,071.91	2,86,680.82
Other Financial Liabilities	18	11,85,162.36	10,04,837.01
Other Current liabilities	19	23,455.84	23,600.38
Provisions	20	-	-
Total Current Liabilities		22,48,214.55	20,21,135.48
Total		30,28,654.67	27,79,110.28
"See accompanying Notes to the financial statements"	2	-	-
Place: Chennai		As per our report of even date attached	
Date: 30/06/2021			
For and on behalf of the Board			
 (Anop Chand Jain) Managing Director	 (Gajraj Jain) Joint Managing Director		
 (Nitesh Jain) CFO	 (Niroshaa Kathiravan) Company Secretary		
		for GASM DANSR AND CO. (Chartered Accountants)	
		Firm Reg No: 005986S	
		(GANESAN)	
		Partner	
		Membership No: 218179	

Statement of Profit and Loss for the year ended 31st March, 2021

Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
INCOME			
Revenue from operations	21	3,46,187.83	2,58,493.78
Other Income	22	30,643.82	33,103.38
Total Income		3,76,831.65	2,91,597.16
EXPENSES			
Purchase of Stock-in-Trade	23	2,63,233.91	74,125.50
Changes in inventories of Stock-in-Trade	24	3,440.16	1,13,298.44
Employee benefit expense	25	8,393.63	7,104.98
Financial costs	26	77,831.77	59,248.60
Depreciation and amortization expense	4	1,433.61	928.38
Other expenses	27	7,263.43	13,633.87
Total Expenses		3,61,596.51	2,68,339.77
Profit before exceptional items and tax		15,235.14	23,257.39
Exceptional Items		-	-
Profit before tax		15,235.14	23,257.39
Tax expense:	28		
Current tax		3,466.98	5,622.80
Deferred tax		329.89	622.01
XI. Profit(Loss) from the perid from continuing operations (IX-X)		11,438.27	17,012.58
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)		11,438.27	17,012.58
XVI. Earning per equity share:			
(1) Basic	29	2.07	3.09
(2) Diluted	30	2.07	3.09
"See accompanying Notes to the financial statements"	2		

Place: Chennai

Date: 30/06/2021

For and on behalf of the Board

(Anop Chand Jain) Managing Director

(Gajraj Jain) Joint Managing Director

(Nitesh Jain) CFO

(Niroshaa Kathiravan) Company Secretary

As per our report of even date attached

for GASM DANSR AND CO

Firm Reg No: 0059866

(Chartered Accountants)

(GANESAN) Partner

Membership No: 218179

FRN 0059866

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

(Rs. In thousands)

	2020-2021		2019-2020	
	(Amount in Rs. Thousands)		(Amount in Rs. Thousands)	
A. Cash Flow from Operating Activities				
Net Profit before Tax and Exceptional items from Statement of Profit and Loss		15,235.14		23,257.39
Adjustments for:				
Depreciation/ Amortisation	1,433.61		928.38	
Interest income	(30,126.91)		(32,485.38)	
(Profit) / Loss on Sale on Redemption of Mutual Funds	(53.20)		-	
Interest expense(net)	77,380.51	48,634.01	56,989.81	25,432.81
Operating Profit before Working Capital Changes		63,869.15		48,690.20
Adjustments for:				
Trade and Other Receivables	25,824.84		(2,152.49)	
Inventories	(2,27,610.51)		(1,97,424.83)	
Trade and Other Payables	3,93,571.90		2,95,698.15	
Total		1,91,786.23		96,120.83
Cash generated from operations		2,55,655.38		1,44,811.03
Income Taxes paid net of refund		(3,467.00)		(5,622.80)
Net Cash from operating activities		2,52,188.38		1,39,188.23
B. Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment	(200.88)		(6,353.23)	
Proceeds from disposal of Property, Plant and Equipment	-		-	
Loans & Deposits Given	(1,10,237.23)		(1,66,271.37)	
Repayment of Loans & Deposits	66,041.41		1,00,893.38	
Purchase of Mutual Funds	(5,699.72)			
Redemption of Mutual Funds	1,413.01			
Advances to subsidiaries/ firms			50.00	
Interest Income	30,126.91		32,485.38	
Net Cash Flow from Investing Activities		(18,556.49)		(39,195.84)



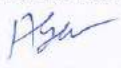
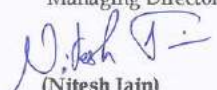
C. Cash Flow from Financing Activities				
Proceeds from Issue of Equity Share Capital	-		-	
Preference Dividend Paid	(55.66)			
Proceeds from Borrowings - Non-Current	3,70,000.00		1,23,783.16	
Repayment of Borrowings - Non-Current	(3,59,247.15)		(776.28)	
Borrowings - Current (Net)	(1,66,492.83)		(1,69,291.14)	
Net increase/(decrease) in other borrowings	-		-	
Interest Paid	(77,380.51)		(56,989.81)	
Net Cash from financing activities		(2,33,176.15)		(1,03,274.07)
Net Increase/(Decrease) in Cash and Cash Equivalents		455.73		(3,281.68)
Opening Balance of Cash and Cash Equivalents		2,776.76		6,058.44
Closing Balance of Cash and Cash Equivalents		3,232.49		2,776.76

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

Place: Chennai

Date: 30/06/2021

For and on behalf of the Board


(Anop Chand Jain)
Managing Director

(Nitesh Jain)
CFO


(Gajraj Jain)
Joint Managing Director

(Niroshaa Kathiravan)
Company Secretary

for GASM DANSR AND CO

Firm Reg No: 005986S
(Chartered Accountants)


(GANESH)
Partner
Membership No: 218179



Rainbow Foundations Limited
4, Thanikachalam Road,
T.Nagar, Chennai - 600 017

Statement of changes in Equity

A. Equity Share Capital

(Rs. In thousands)

Particulars	Mar 2021 (in Rs.)	Mar 2020 (in Rs.)
Opening Balance	55,131.00	55,131.00
Additional equity share issued during the year	-	-
Closing Balance	55,131.00	55,131.00

B. 0.01% Non-Convertible Redeemable Cumulative Preference Shares.

Particulars	Mar 2021 (in Rs.)	Mar 2020 (in Rs.)
Opening Balance	4,55,000.00	4,55,000.00
0.01% Non-Convertible Redeemable Cumulative Preference Shares issued during the year	-	-
Closing Balance	4,55,000.00	4,55,000.00



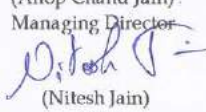
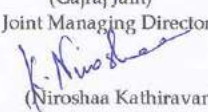
C. Other Equity

Particulars	Reserves and Surplus		
	General Reserves	Shares Forfeited	Retained Earnings
Balance at 1 April 2018	108.06	1,984.50	1,02,749.43
Total comprehensive income for the year ended 31 Mar 2019			
Profit for the year			17,012.58
Other comprehensive income (net of tax)			
Total comprehensive income	-	-	17,012.58
Transactions with owners in their capacity as owners:			
Dividends Paid			
Appropriations during the year			
Balance as at 31 March 2019	108.06	1,984.50	1,19,762.01

Particulars	Reserves and Surplus		
	General Reserves	Shares Forfeited	Retained Earnings
Balance as at 1 April 2019	108.06	1,984.50	1,19,762.01
Total comprehensive income for the year ended 31 Mar 2020			
Profit for the year			11,438.27
Other comprehensive income (net of tax)			
Total comprehensive income	-	-	11,438.27
Transactions with owners in their capacity as owners:			
Dividends Paid			55.66
Appropriations during the year			
Balance as at 31 March 2020	108.06	1,984.50	1,31,144.62

Place: Chennai
Date: 30/06/2021

For and on behalf of the Board


 (Anop Chand Jain)
 Managing Director

 (Gajraj Jain)
 Joint Managing Director

 (Nitesh Jain)
 CFO

 (Niroshaa Kathiravan)
 Company Secretary

As per our report of even date attached

for GASM DANSR AND CO
Firm Reg No: 005986S
(Chartered Accountants)


 (GANESAN)
 Partner
 Membership No: 218179



M/S. RAINBOW FOUNDATIONS LIMITED

REGD. OFFICE: 4, THANIKACHALAM ROAD,
T. NAGAR, CHENNAI - 600 017

1. Company Information

- i. 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

Basis of Preparation and Presentation

- a. The Financial Statements have been prepared on the historical cost basis, except for certain items that are measured at fair values, as explained in the accounting policies.
- b. The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.
- c. The Company's Financial Statements are presented in Indian Rupees (Rs.), which is also its functional currency, and all values are rounded to the nearest thousand except when otherwise indicated.

Summary of Significant Accounting Policies

2. Current and Non-Current Classification

- i. The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification.
- ii. An asset is treated as Current when it is -
 1. Expected to be realised or intended to be sold or consumed in normal operating cycle;
 2. Held primarily for the purpose of trading;
 3. Expected to be realised within twelve months after the reporting period, or
 4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- iii. All other assets are classified as non-current.
- iv. A liability is current when:
 1. It is expected to be settled in normal operating cycle;
 2. It is held primarily for the purpose of trading;
 3. It is due to be settled within twelve months after the reporting period, or
 4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.The Company classifies all other liabilities as non-current.
- v. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Use of estimates

- i. 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.

4. Property, Plant and Equipment and depreciation

- i. Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets. In case of land the Company has availed fair value as deemed cost on the date of transition to Ind AS.
- ii. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.
- iii. Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.
- iv. Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.
- v. Depreciation on Property, Plant and Equipment is provided using Straight Line method on depreciable amount. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

5. Cash and Cash Equivalents

- i. Cash and cash equivalents comprise of cash on hand, cash at banks, short-term deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Finance Costs

- i. 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.
- ii. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

7. Inventories

Inventories are valued as under

- i. Land and Plots which are registered in the name of the company are valued at cost.
- ii. 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.



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

8. Provision

- i. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

9. Investments

- i. 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.
- ii. 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".
- iii. All other investments are classified as "Non-current investments".

10. Revenue recognition

- i. Sale of Land & Undivided Share of Land (UDS)
 - 1. Sale of land and UDS (excluding land under agreement to sell) is recognised in the financial year in which the sale deed is executed.
- ii. Revenue from Construction Contracts:

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 01 April 2018.

 - 1. The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
 - 2. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.



3. Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
- iii. Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.
- iv. Amounts due from contract customers represents the amount expected to be collected from customers for completed contract work.
- v. Interest Income
 1. Interest from various Short Term/ Long Term investments is recognised on time proportion basis, taking into account the amount outstanding and the rate applicable
- 11. Interest from customers under agreements to sell**
 - i. Interest from customers under agreements to sell/construction is accounted for on actual receipt. (Cash basis.)
- 12. Cost of revenue**
 - i. 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.
 - ii. 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.
- 13. Segment Reporting**
 - i. 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.
- 14. Tax Expenses**
 - i. The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other



Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

ii. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

iii. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

15. Employee Benefits

i. Defined Contribution Plan

The company is not liable for contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme.

ii. Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered.

16. Contingent liabilities

i. 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.

17. Earnings per share

i. 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).

ii. 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.



18. Impact on COVID-19

- i. The Company has assessed the impact of COVID-19 on its financial statements based on the internal and external information up to the date of approval of these financial statements and expects to recover the carrying amounts of its investments, intangible assets, trade receivable, project work-in-progress and inventories. The Company will continue to monitor the future economic conditions and update its assessment.



(Rs. In thousands)

Property, Plant & Equipment		Gross Value			Depreciation			Closing balance			
4	Tangible asset	Opening balance	Additions	Deletions	Total	upto 31/03/2020	Current Year	Deletions	upto 31/03/2021	as on 31/03/2021	as on 31/03/2020
4.1	Building	2,549.31			2,549.31	1,412.03	23.46		1,435.49	1,113.82	1,137.28
4.2	Office Equipments	871.39	157.83		1,029.22	714.20	47.91		762.11	267.11	157.19
4.3	Electrical Installation	29.32	4.75		34.07	18.27	0.82		19.09	14.98	11.05
4.4	Furniture & Fixtures	772.54			772.54	503.43	14.54		517.97	254.57	269.11
4.5	Vehicles	19,302.45			19,302.45	5,050.22	1,300.72		6,350.94	12,951.51	14,252.23
4.6	Computers	240.38	36.30		276.68	133.94	46.16		180.10	98.58	106.44
	Total	23,765.39	200.88	-	23,966.27	7,832.09	1,433.61	-	9,265.70	14,700.57	15,933.30
		-				-					-
	Figures for the previous year	17,412.16	6,353.23	-	23,765.39	6,903.71	928.38	-	7,832.09	15,933.30	10,508.45



5	Other Non-Current Assets		
	Other Financial Assets		
	Unsecured Considered Good		
5.1	Rental Deposit	345.00	345.00
5.2	Electricity Deposit	19.63	19.63
5.3	Telephone Deposit	52.02	52.02
5.4	Other Deposits	12.50	12.50
	Total taken to Balance Sheet	429.15	429.15
6	Inventories		
6.1	Work in progress	22,83,552.97	20,52,502.30
6.2	Stock in trade - Finished Flats	92,410.97	95,851.13
	Total taken to Balance Sheet	23,75,963.94	21,48,353.43
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		
7	Current Investments		
	In Membership Share in LLP, Unquoted		
7.1	Annai Rainbow Foundations LLP	2.97	2.97
7.2	In Mutual Funds	4,339.90	-
		4,342.87	2.97
8	Trade receivables		
8.1	Trade receivables Unsecured and Considered Good	31,611.80	72,299.97
	Total taken to Balance Sheet	31,611.80	72,299.97
a)	Trade Receivables balances are subject to confirmation.		
9	Cash and Cash Equivalents		
9.1	Cash in hand	2,030.92	1,770.54
9.2	Balance with Banks	1,201.57	1,006.22
	Total taken to Balance Sheet	3,232.49	2,776.76
a)	Bank deposits have been given as security for the secured loan from a Bank as disclosed in Note 16.1		



10	Short-term loans and advances		
	Other Loans and Advances		
	Unsecured - Considered Good		
10.1	Staff Advances	143.00	110.00
10.2	Advance to Suppliers	3,063.07	15.10
10.3	Loans & Deposits	5,73,831.63	5,32,716.78
	Total taken to Balance Sheet	5,77,037.70	5,32,841.88
11	Other Current Assets		
11.1	Income Tax Refundable	3,353.57	1,325.51
11.2	Prepaid Expenses	403.72	156.83
11.3	TDS Receivable	1,035.49	533.23
11.4	Rent Receivable	258.04	459.76
11.5	GST Credit	7,007.42	-
11.6	Bank Deposits with more than 12 months Maturity	8,894.45	3,017.28
11.7	Registration Deposit	383.46	980.21
	Total taken to Balance Sheet	21,336.15	6,472.82
a)	Bank deposits have been given as security for the secured loan from a Bank as disclosed in Note 16.1		
13	Other Equity		
13.1	General Reserve		
	Opening balance	108.06	108.06
	Add: Current year surplus		
	Closing Balance	108.06	108.06
	Shares Forfeited		
	Opening balance	1,984.50	1,984.50
	Add: Current year surplus	-	-
	Closing Balance	1,984.50	1,984.50
	Surplus from Profit & Loss account		
	Opening balance	1,19,762.01	1,02,749.43
	Add: Current year surplus	11,438.27	17,012.58
		1,31,200.28	1,19,762.01
	Less: Preference Dividend paid	55.66	-
	Closing Balance	1,31,144.62	1,19,762.01
	Total taken to Balance Sheet	1,33,237.18	1,21,854.57
15	Deferred Tax Liability (Net)		
15.1	The composition of Deferred Tax Liability relating to timing difference on account of depreciation		
	At the start of the year	799.11	177.10
	Charge to Statement of Profit and Loss on account of Property, Plant and Equipment	329.89	622.01
	At the end of year	1,129.00	799.11
16	Short Term Borrowings		
16.1	Loans repayable on Demand		
	From Banks	14,229.25	30,351.68
	Unsecured Indian Rupee Borrowings		
16.2	Loans repayable on Demand		
	From other Parties	5,25,295.19	6,75,665.59
	Total taken to Balance Sheet	5,39,524.44	7,06,017.27
	Secured Borrowings:		
a	Secured Loan from Banks: 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	All Short Term Borrowings are Indian Rupees Borrowings		



Rainbow Foundations Limited
4, Thanikachalam Road,
T.Nagar, Chennai - 600 017

Notes to and forming part of Financial Statements

(Rs. In thousands)

No	Particulars	As at 31 Mar 2021		As at 31 Mar 2020	
		Number	Amount	Number	Amount
12	SHARE CAPITAL				
	Authorised Capital				
	Equity Shares of Rs. 10 each	2,00,00,000	2,00,000.00	2,00,00,000	2,00,000.00
	0.01% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each	5,00,00,000	5,00,000.00	5,00,00,000	5,00,000.00
	Total	7,00,00,000	7,00,000.00	7,00,00,000	7,00,000.00
	Issued, Subscribed and fully paid up Share Capital				
	Equity Shares of Rs. 10 each	5,51,31,000	55,131.00	5,51,31,000	55,131.00
	Total	5,51,31,000	55,131.00	5,51,31,000.00	55,131.00
	Preference Share Capital				
	Issued, Subscribed and fully paid up Share Capital				
	0.01% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each	4,55,00,000	4,55,000.00	4,55,00,000	4,55,000.00
	Total taken to Balance Sheet	4,55,00,000	5,10,131.00	4,55,00,000	5,10,131.00
12	RECONCILIATION OF SHARE CAPITAL	Number	Amount	Number	Amount
	Equity Shares (Face Value Rs 10.00)				
	Balance at the beginning of the current reporting period	55,13,100	55,131	55,13,100	55,131
	Changes in Equity Share Capital due to prior period errors				
	Restated balance at the beginning of the current reporting period				
	Changes in equity share capital during the current year	-	-	-	-
	Balance at the end of the current reporting period	55,13,100	55,131	55,13,100	55,131
	0.01% Non-Convertible Redeemable Cumulative Preference Shares (Face Value Rs 10.00)				
	Balance at the beginning of the current reporting period	4,55,00,000	4,55,000	4,55,00,000	4,55,000.00
	Changes in Equity Share Capital due to prior period errors		-	-	-
	Restated balance at the beginning of the current reporting period				
	Changes in equity share capital during the current year	-	-	-	-
	Balance at the end of the current reporting period	4,55,00,000	4,55,000	4,55,00,000	4,55,000



12 RIGHTS PREFERENCES AND RESTRICTIONS ATTACHED TO SHARES

The company has two class of shares with equity shares have a face value of Rs. 00 Per share and 0.01 % Non-Convertible Redeemable Cumulative Preference shares have a face value of Rs. 10 per share

Each holder of equity shares is entitled to one vote per share.

Each preferential holder had preferential rights in payment of dividend and repayment in case of winding up.

The Preferential holder have voting rights as per the provisions of Sec 47 (2) of the Act

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

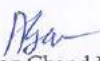

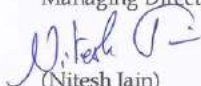
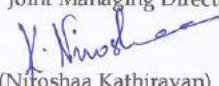

The company paid as sum of Rs. 55,656.00 to the preference shareholders which is the arrears of dividend on Cumulative Preference Shares issued by the company as at 31/03/2020.

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.



Non-Current Financial Liabilities - Borrowings			(Rs. In thousands)				
Particulars	Non-current Portion as at		Current Maturities as at *		Total as at		
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	
(Carried at Amortised Cost, except otherwise stated)							
Secured							
From Banks	626.34	1,406.96	780.62	722.58	1,406.96	2,129.54	
From NBFC	1,35,316.60	1,23,783.16	922.96	1,216.84	1,36,239.56	1,25,000.00	
Total	1,35,942.94	1,25,190.12	1,703.58	1,939.42	1,37,646.52	1,27,129.54	
*Current Maturities of non-current borrowings have been disclosed under 'Other Current Financial Liabilities' (Note 18.1)							
Nature of Security, Repayment Terms							
Name	Note	Rate of Interest	End of Tenure	As at 31/03/2021		As at 31/03/2020	
				Gross	Carrying Value	Gross	
						Carrying Value	
Term Loan from Banks							
ICICI Bank	14.2	7.75%	01 Jan 2023	1,406.96	1,406.96	2,129.54	
Total Term Loan from Banks				1,406.96	1,406.96	2,129.54	
Term Loan from NBFC							
Aditya Birla Housing Finance Ltd -Loan 1	14.6	14.50%	15 Jan 2024	14,839.77	14,839.77	-	
Aditya Birla Housing Finance Ltd - Loan 2	14.7	12.00%	15 Sep 2023	46,008.50	46,008.50	-	
Bajaj Housing Finance Ltd-Loan 2	14.5	12.50%	15 Nov 2024	19,970.12	19,970.12	-	
Bajaj Housing Finance Ltd -Loan 1	14.3	12.50%	15 Dec 2023	51,334.77	51,334.77	1,20,000.00	
Daimler Financial Services India Pvt Ltd	14.4	8.00%	04 Mar 2025	4,086.40	4,086.40	5,000.00	
Total Term Loan from NBFC				1,36,239.56	1,36,239.56	1,25,000.00	
Term Loan from ICICI Bank secured by charge on the Movable Motor Vehicles of the company.							
Repayment terms are Monthly Installment of Rs. 71,860 starting from 01st February 2018 to 01st January 2023							
Term Loan from Bajaj Housing Finance Ltd -Loan 1 secured by charge on the Project of the Company. 18 Months Moratorium on the Principal Repayment.							
Repayment terms are Monthly payment of Interest starting from 15th Dec 2019 and Monthly payment of Principal of Rs. 40,00,000 starting from 15th July 2021.							
Both payable up to 15th December 2023.							
Term Loan from Daimler Financial Service India Pvt Ltd secured by charge on the Movable Motor Vehicles of the company.							
Repayment terms are Monthly Installment of Rs. 1,01,403 starting from 04th April 2020 to 04th March 2025							
The Term loan from Bajaj Housing Finance Ltd-Loan 2 secured Charge on Inventory of the Company of Rs.2,00,00,000 is acquired on 31st October 2020 repayable starting from 15th Dec 2021 and the monthly principal repayment of Rs. 5,55,556 upto 15th November 2024.							
The Term Loan from Aditya Birla Housing Finance Ltd -Loan 1 secured by Charge on the on going project of the company of Rs. 25,00,00,000 is relating to the Project Construction cost by Aditya Birla Housing Finance Limited with the EMI amount of Rs. 266,602.							
The Term Loan from Aditya Birla Housing Finance Ltd - Loan 2 is secured by Charge on the on going project of the company of Rs. 10,00,00,000 is relating to the Project Construction cost by Aditya Birla Housing Finance Limited starting from 25th January 2021 with the EMI amount of Rs. 759,647.							

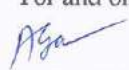
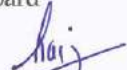
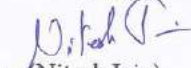
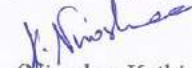



17	Trade Payables		
17.1	Trade Payables		
	Micro and Small Enterprises	-	-
	Other than Micro and Small Enterprises	5,00,071.91	2,86,680.82
	Total taken to Balance Sheet	5,00,071.91	2,86,680.82
a	There are no Micro and Small Scale Business Enterprises, to whom Company owes, dues which are outstanding for more than 45 days as at 31/03/2021. 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.		
18	Other Current Financial Liabilities		
18.1	Current Maturities of Long-Term Debts (Note 14)	1,703.58	1,939.42
18.2	Advances from Related Parties	11,82,691.53	10,02,729.69
18.3	Interest Accrued but not Due on Borrowings	767.25	167.90
	Total taken to Balance Sheet	11,85,162.36	10,04,837.01
a	Refer to Note 32 for related party disclosures		
19	Other Current Liabilities		
	Others		
19.1	Expense Payable	8,302.30	4,545.34
19.2	Rental Deposit	369.42	-
19.3	TDS Payable	12,907.64	17,154.54
19.4	GST Payable	1,876.48	1,900.50
	Total taken to Balance Sheet	23,455.84	23,600.38
20	Short-term provisions		
20.1	Provision for Income Tax		-
	Total taken to Balance Sheet	-	-
Place: Chennai		As per our report of even date attached	
Date: 30/06/2021			
For and on behalf of the Board			
 (Anop Chand Jain) Managing Director		 (Gajraj Jain) Joint Managing Director	
 (Nitesh Jain) CFO		 (Niroshaa Kathiravan) Company Secretary	
		for GASMDANSR AND CO Firm Reg No: 005986S (Chartered Accountants)  (GANESHA) Partner Membership No: 218179	

(Rs. In thousands)

21	Revenue from operations		
	Sale of		
21.1	Flats/Houses/Shops	2,07,983.83	2,51,747.78
21.2	Plots/Land / UDS Land	1,38,204.00	6,746.00
	Total	3,46,187.83	2,58,493.78
22	Other Income		
22.1	Interest Income	30,126.91	32,485.38
	Other Non Operating Income		
22.2	Rental Income	408.76	618.00
22.3	Profit on sale of Mutual Funds	53.20	-
22.4	Bad Debts Recovered	32.17	-
22.5	Insurance Claim	15.70	-
22.6	Miscellaneous Income	7.08	-
	Total	30,643.82	33,103.38
23	Purchase of Stock-in-Trade		
	Cost of		
23.1	Flats/Houses/Shops	1,34,923.96	73,984.50
23.2	Plots/Land / UDS Land	1,28,309.95	141.00
	Total	2,63,233.91	74,125.50
24	Changes in inventories of stock-in-trade		
	Opening Balance	95,851.13	2,09,149.57
	Less: Closing Balance	92,410.97	95,851.13
	Total	3,440.16	1,13,298.44
25	Employee benefit expense		
25.1	Salaries & Wages	8,334.50	7,041.50
25.2	Staff Welfare Expenses	59.13	63.48
	Total	8,393.63	7,104.98
a	Refer to Note 32 for related party disclosures		
26	Financial costs		
26.1	Interest Expenses	77,380.51	56,989.81
26.2	Other borrowing costs	451.26	2,258.79
	Total	77,831.77	59,248.60
a	Refer to Note 32 for related party disclosures		



27	Other Expenses		
	Payment to Auditors		
27.01	for Audit	125.00	125.00
27.02	for Tax Representations	-	-
27.03	for Reimbursement of expenses	1.14	2.15
27.04	Electricity Charges	86.71	105.48
27.05	Rent	615.50	580.40
27.06	Repairs to buildings	796.72	3,371.92
27.07	Repairs to machinery	486.37	83.01
27.08	Insurance	211.83	181.82
27.09	Rates & Taxes	2,470.60	4,262.46
27.10	Sales Promotion	74.84	231.86
27.11	Telephone Expenses	80.42	128.52
27.12	Travelling Expenses	-	70.38
27.13	Vehicle Maintenance	760.07	891.90
27.14	Listing Fee	407.10	443.35
27.15	Professional Charges	979.37	579.24
27.16	Conveyance Charges	6.36	23.62
27.17	Commission	-	1,280.00
27.18	Bad Debts	32.17	-
27.19	Donation	-	305.10
27.20	Miscellaneous expenses	129.23	967.66
	Total	7,263.43	13,633.87
29	Earnings per Equity Share - Basic		
	Net profit / (loss) for the year from continuing operations	11,438.27	1,30,311.02
	Weighted average number of equity shares	5,513.10	5,513.10
	Earnings per share from continuing operations - Basic	2.07	23.64
30	Earnings per Equity Share - Diluted		
	Net profit / (loss) for the year from continuing operations	11,438.27	1,30,311.02
	Weighted average number of equity shares	5,513.10	5,513.10
	Earnings per share from continuing operations - Diluted	2.07	23.64
Place: Chennai		As per our report of even date attached	
Date: 30/06/2021		for GASM DANSR AND CO	
For and on behalf of the Board		Firm Reg No: 0059863	
		(Chartered Accountants)	
 (Anop Chand Jain) Managing Director		 (Gajraj Jain) Joint Managing Director	
 (Nitesh Jain) CFO		 (Niroshaa Kathiravan) Company Secretary	
			

		(Rs. In thousands)	
28	Particulars	31/03/2021	31/03/2020
	Income Tax Recognised In Statement of Profit And Loss		
	Current Tax	3,467	5,623
	Deferred tax	330	622
	Total	3,797	6,245
	The income tax expenses for the year can be reconciled to the accounting profit as follows		
	Accounting Profit before income tax	15,235	23,257
	Applicable Tax Rate	25.168%	25.168%
	Applicable Tax Rate on Capital Gains	15.600%	0.000%
	Computed Tax Expense	3,833	5,852
	Tax Effect of:		
	Timing Difference of Depreciation	(330)	(331)
	Expenses Disallowed	(36)	(3)
	Tax relating to earlier years	-	104
	Current Tax Provision (A)	3,467	5,622
	Incremental Deferred tax Liability on account of Property, Plant and Equipment and Intangible Assets	330	622
	Deferred Tax Provision (B)	330	622
	Tax Expenses Recognised in Statement of Profit and Loss (A+B)	3,797	6,244
	Effective Tax Rate	24.922%	26.847%



31 Disclosure as per Ind AS 115

a. The Company undertakes Engineering, Procurement and Construction business. The type of work in the contracts with the customers involve construction, engineering, designing, supply of materials, development of system, installation, project management, operations and maintenance etc. The effect of initially applying Ind AS 115 on the Company's revenue from contracts with customers is described in Note 1. The Company has recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance at 1 April 2018. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical area.

Particulars	in Rupees	
	31-Mar-21	31-Mar-20
Primary geographical markets		
India	3,46,187.83	2,58,493.78
Total	3,46,187.83	2,58,493.78

(c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

Particulars	in Rupees	
	31-Mar-21	31-Mar-20
Receivables which are included in Trade and other receivables		
Contract assets		
- Amount due from customers on construction contract	31,611.80	72,299.97
- Accrued value of work done net off provision	0.00	0.00
Contract liabilities		
- Amount due to customers under construction contracts	5,00,071.91	2,86,680.82
- Advance from clients	0.00	0.00

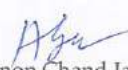
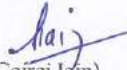
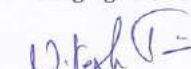
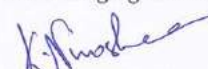

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The amount of contract assets during the period ended 31 March 2020 was impacted by an impairment charge of INR NIL. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for construction for which revenue is recognised over time. Amounts due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred. Amounts due to contract customers represents the excess of progress billings over the revenue recognised (cost plus attributable profits) for the contract work performed till date. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activity based on normal operating capacity.



Rainbow Foundations Limited
4, Thanikachalam Road,
T.Nagar, Chennai - 600 017

No.	Description of relationship	Name(s) of related partie(s)
32	(a) Key Management Personnel (KMP)	1 Manjith P M-Director
		2 Maithri Jayakkar-Director
		3 Gajraj Jain-Joint Managing Director
		4 Sampat Raj Singhvi-Director
		5 Anop Chand Jain-Managing Director
		6 Nitesh Jain-CFO
		7 Navin Jain - Director
		8 Niroshaa Kathiravan - Company Secretary
	(b) Relative of Key Management Personnel (KMP)	1 Ashish Jain
(Rs. In thousands)		
32.1	Related Party Transaction	31/03/2021 31/03/2020
	Unsecured Loan - payable	
	Anoop Chand Jain	1 2,29,656.20 2,11,613.48
	Gajraj Jain	2 7,95,104.72 7,91,116.21
	Navin Jain	3 1,57,930.61
	Total	11,82,691.53 10,02,729.69
	Salary	
	Anoop Chand Jain	1 1,320.00 1,320.00
	Gajraj Jain	2 1,320.00 1,320.00
	Nitesh Jain	3 900.00 900.00
	Niroshaa Kathiravan	4 276.00 276.00
	Ashish Jain	5 900.00 900.00
	Navin Jain	7 900.00
	Total	5,616.00 4,716.00
	Interest	
	Anop Chand Jain	1 29,235.37 20,792.75
	Gajraj Jain	2 84,311.91 91,728.39
	Navin Jain	3 8,573.63
	Total	1,22,120.91 1,12,521.14
a	List of related parties are provided by the Management and relied upon by the Auditors	
33	The World Health Organization has declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The extent of the impact of the outbreak on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. The Company is monitoring the developments and are taking necessary measures to mitigate the impact on the Company, if any. Further the directors consider that the Company have adequate financial resources to continue in operational existence for the foreseeable future and therefore, continue to adopt the going concern basis of accounting in preparing the financial statements.	



34	Contingent Liabilities And Commitments The total outstanding demand of Income Tax is Rs. 10,00,58,661 as on date. The matter is pending at various stages of appeal. Based on the interpretations of relevant provisions of the Income tax Act, the Company has been legally advised that the additional demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
35	Corresponding figures for the previous period have been regrouped wherever necessary to confirm the current period classification.
Place: Chennai Date: 30/06/2021	
For and on behalf of the Board	
As per our report of even date attached	
for GASM DANSR AND CO Firm Reg No: 005986S (Chartered Accountants)	
 (Anop Chand Jain) Managing Director	 (Gajraj Jain) Joint Managing Director
 (Nitesh Jain) CFO	 (Niroshaa Kathiravan) Company Secretary
 (GANESAN) Partner Membership No: 218179	



GASM DANSR AND CO.,

Chartered Accountants

Independent Auditor's Review Report on the Quarterly Unaudited Standalone of the Company Pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Review report to

The Board of Directors

M/s RAINBOW FOUNDATIONS LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of **RAINBOW FOUNDATIONS LIMITED** ("the Company") for the quarter and six months ended September 30, 2021 ("the Statement") attached herewith, being submitted by the Company pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), as amended.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting policies and principles generally accepted in India, read with the Circular is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Indian accounting standards ('Ind AS') specified under the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Chennai

Date: 13/11/2021

For M/s. GASM DANSR AND CO.



(Ganesan)

(Partner)

(Mem No: 218179)

2-G, II floor, J. P. Tower, 1/1, Dr. Thirumurthy Nagar

Main Road, Chennai 600034

Firm Reg No: 005986S

UDIN: 21218179AAAADB3802



Head Office : 2-G, 2nd Floor, J.P. Tower, 1/1, Dr. Thirumurthy Nagar Main Road, (Near Ranjith Hotel) Nungambakkam, Chennai - 600 034. Phone : 28217636, 45008637 / 38 / 39


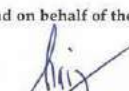
Fax : 91-44-45008518 E-mail : gasmdansr@gmail.com / ananddevkumar@me.com

Branch Office : Mogappair, K.K.Nagar - Tamil Nadu and Faridabad - Haryana



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

STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2021

Particulars	Quarter Ended			Year to Date		Rs. In Lakhs
	30-Sep-2021	30-Jun-2021	30-Sep-2020	30-Sep-2021	30-Sep-2020	Year ended
	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	31-Mar-2021
I. Revenue from operations	2,216.62	567.66	880.46	2,784.28	1,300.93	3,461.88
II. Other Income	5.96	84.54	79.86	90.50	159.62	306.44
III. Total Revenue (I + II)	2,222.58	652.20	960.32	2,874.78	1,460.54	3,768.32
<u>IV. Expenses:</u>						
Purchase of Stock-in-Trade	1,747.78	367.48	571.40	2,115.26	881.03	2,632.34
Changes in inventories of Stock-in-Trade	222.72	5.48	78.51	228.20	78.51	34.40
Employee benefit expense	20.99	21.22	22.90	42.21	39.78	83.94
Financial costs	108.04	214.58	221.82	322.62	343.49	778.32
Depreciation and amortization expense	2.74	5.80	3.49	8.54	7.27	14.34
Other expenses	93.44	10.53	15.31	103.97	37.16	72.63
Total Expenses	2,195.71	625.09	913.41	2,820.80	1,387.24	3,615.97
V. Profit before exceptional and extraordinary items and tax (III - IV)	26.87	27.11	46.91	53.98	73.30	152.35
VI. Exceptional Items (Profit after adjusting loss on sale of fixed asset)	-	-	-	-	-	-
VII. Profit before extraordinary items and tax (V - VI)	26.87	27.11	46.91	53.98	73.30	152.35
VIII. Extraordinary Items (prior period expenses)	-	-	-	-	-	-
IX. Profit before tax (VII - VIII)	26.87	27.11	46.91	53.98	73.30	152.35
X. Tax expense:						
(1) Current tax	-	-	-	51.79	-	34.67
(2) Deferred tax	-	-	-	-	-	3.30
XI. Profit(Loss) after tax (IX-X)	26.87	27.11	46.91	2.19	73.30	114.38
XII. Other comprehensive Income/(loss) for the period	-	-	-	-	-	-
XIII. Total Comprehensive Income/(Loss) for the period (XI + XII)	26.87	27.11	46.91	2.19	73.30	114.38
XVI. Earning per equity share:						
(1) Basic	0.49	0.49	0.85	0.04	1.33	2.07
(2) Diluted	0.49	0.49	0.85	0.04	1.33	2.07
Notes: 1. The above unaudited results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13th Nov 2021 2. The statement has been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. 3. The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment including capital Work in progress, intangible assets, investments, inventories, trade receivables, Other Financials assets, other Assets etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of the Financial Results including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The Company will continue to closely monitor for any material changes to future economic conditions. 4. The company shall make Provision for Income Tax & deferred Taxation at the year end. 5. The figures for the corresponding previous period have been regrouped wherever necessary, to make them comparable with the figures of the current period. 6. The statutory Auditors have carried out a Limited Review of the above unaudited financial results for the quarter and three months ended 30th Sep 2021. The Financial results have been approved by the Board of Directors on 13th Nov 2021 after the review thereof by the Audit Committee.						
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;"> For GASM DANSR & Co., Chartered Accountants  (CA.A. Ganesan) Partner (MM:218179) </div> <div style="text-align: center;">  </div> <div style="text-align: center;"> For and on behalf of the Board  (Gajraj Jain) Joint Managing Director DIN : 01182117 </div> </div>						
Place: Chennai Date: 13/11/2021						

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

STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER 2021

ASSETS	As At 30-Sep-2021 Unaudited	As At 30-Sep-2020 Unaudited	As at 31-Mar-2021 Audited
1 Non-Current Assets			
(a) Property, Plant and Equipment	139.45	152.94	147.00
(b) Other Non-Current Assets	6.54	6.54	4.29
2 Current Assets			
(a) Inventories	23,620.52	22,485.45	23,759.64
(b) Financial Assets			
(i) Investments	15.05	57.03	43.43
(ii) Trade Receivables	262.03	836.21	316.12
(iii) Cash and Cash Equivalents	1,078.91	102.70	32.32
(iv) Loans	6,620.83	5,582.24	5,770.38
(c) Current Tax Assets			
(d) Other Current Assets	60.33	37.53	213.36
TOTAL-ASSETS	31,803.67	29,260.64	30,286.54
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	5,101.31	5,101.31	5,101.31
(b) Other Equity	1,334.11	1,291.85	1,332.37
LIABILITIES			
1 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2,448.70	2,372.79	1,359.43
(b) Deferred Tax Liability (Net)	11.29	7.99	11.29
(c) Other Non Current Liabilities	421.85	2,499.29	-
2 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18,521.54	14,468.61	17,246.86
(ii) Trade Payables	3,244.78	2,648.98	5,000.72
(b) Provisions	-	-	-
(c) Current Liabilities (Net)	720.09	869.82	234.56
TOTAL-EQUITY AND LIABILITIES	31,803.67	29,260.64	30,286.54

Place: Chennai
Date: 13/11/2021

For and on behalf of the Board


(Gajraj Jain)
Joint Managing Director
DIN : 01182117

For GASM DANSR & Co.,
Chartered Accountants


(C.A. Ganesan)
Partner (MM:218179)



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

This is forming Part of Quaterly Result of Rainbow Foundations Limited as on 30th Sep 2021 as required by SEBI Circular CIR/CFD/FAC/62/2016 dt.05/07/2016.

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

		Rs. In Lakhs
	Particulars	30-Sep-2021
	Profit after Tax as reported under Indian GAAP	26.87
	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	26.87

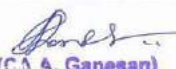
Notes:

The above Reconciliation on Standalone Unaudited Financial Result have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13th Nov 2021

For and on behalf of the Board

Place: Chennai
Date: 13/11/2021

For GASM DANSR & Co.,
Chartered Accountants


(P. A. A. Ganesan)
Partner (MM:218179)


(Gajraj Jain)
Joint Managing Director
DIN : 01182117



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

		30-09-21	30-09-20
		(Amount in Rs. Lakhs)	(Amount in Rs. Lakhs)
A.	Cash Flow from Operating Activities		
a.	Net Profit before taxation and extraordinary items	53.98	73.30
b.	Adjustments for:		
	Depreciation	8.54	7.27
	Interest income	(6.91)	(157.32)
	Liabilities/Provisions written back	-	-
	(Profit)/Loss on sale of fixed assets	-	-
	Interest expense(net)	322.62	343.49
c.	Operating Profit before working capital changes	378.23	266.75
i.	(Increase)/Decrease in sundry debtors	54.09	(113.21)
ii.	(Increase)/Decrease in inventories	139.12	(1,001.92)
iii.	Increase/(Decrease) in current liabilities	(848.56)	2,915.28
iv.	(Increase)/Decrease in loans and advances	(850.45)	(253.82)
v.	(Increase)/Decrease in other current assets	150.78	(5.23)
	Total	(1,355.03)	1,541.11
	Tax Paid	(51.79)	
d.	Cash generated from operations	(1,028.58)	1,807.86
e.	Income Taxes paid net of refund	-	-
f.	Net Cash from operating activities	(1,028.58)	1,807.86
B.	Cash Flow from Investing Activities		
a.	Purchase of Fixed assets	(0.98)	(0.89)
b.	Proceeds from sale of asset	-	-
c.	Advances to subsidiaries/ firms		
d.	Investment Made	28.38	(57.00)
e.	Interest received	6.91	157.32
f.	Net Cash from investing activities	34.31	99.43
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	1,089.27	1,117.19
e.	Net increase/ (decrease) in other borrowings	1,274.67	(2,636.23)
f.	Interest paid	(322.62)	(343.49)
g.	Dividend Paid	(0.46)	
h.	Net Cash from financing activities	2,040.87	(1,862.53)



Net increase in cash and cash equivalents		1,046.60		44.76
(A+B+C)				
Cash and cash equivalents at the beginning of the period		32.32		57.94
Cash and cash equivalents at the end of the period		1,078.91		102.70

Previous periods figures have been regrouped/rearranged wherever necessary to conform to the current period's classification.

Place: Chennai

Date: 13/11/2021

For and on behalf of the Board



(Gajraj Jain)

Joint Managing Director

DIN : 01182117

For GASM DANSR & Co.,
Chartered Accountants



(CA.A. Ganesan)
Partner (MM:218179)



MATERIAL DEVELOPMENTS

To our knowledge, no circumstances have arisen since March 31, 2021 which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

ACCOUNTING RATIOS

Following are the Key Accounting Ratios for the Financial year ended March 31, 2021 and for the six (6) months period ended September 30, 2021:

Particulars	Six months period ended September 30, 2021	Financial Year ended March 31, 2021
Earnings Per Share (EPS) (Basic) (Rs.)#	0.04	2.07
Earnings Per Share (EPS) (Diluted) (Rs.) #	0.04	2.07
Return on Net Worth (%)	0.12%	6.07%
Net Asset Value per Equity Share (Rs.)	34.20	34.17
EBITDA (Rs. in Lakhs)	294.64	638.57
EBITDA (%)	10.58%	18.45%

Not Annualized

Note: The financial figures mentioned in the above table are based on Audited Financial Statements of the Company for the financial year ended March 31, 2021 and unaudited financial results (limited reviewed by Statutory Auditors of the Company) for the 06 months period ended March 31, 2021.

Formula:

- Earnings Per Share (Basic):** Net Profit after tax for the year/period attributable to Equity Shareholders divided by weighted average number of equity shares outstanding during the period.
- Earnings Per Share (Diluted):** Net Profit after tax for the year/period attributable to Equity Shareholders divided by diluted weighted average number of equity shares outstanding during the period.
- Return on Net Worth:** Net Profit after tax for the year/period attributable to Equity Shareholders divided by Net Worth. For the purpose of calculation of Net Worth, we have considered Equity Share Capital and Reserve & Surplus and ignored the redeemable preference shares.
- EBITDA:** Profit before exceptional items and tax plus finance costs plus depreciation and amortisation expense less other income.
- EBITDA (%):** [EBITDA/ Operating Income]

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our Unaudited Financial Results for the quarter and half year ended September 30, 2021 and Audited Financial Statements for the financial year ended March 31, 2021 prepared in accordance with the provisions under the Companies Act, 2013 and Indian Accounting Standard (Ind AS), including the notes and schedules thereto, included in the section titled “Financial Information” on page 82. You should also read the section titled “Risk Factors” on page 21, which discusses a number of factors and contingencies that could impact our financial condition and results of operations, and the section titled “Our Business” on page 63 which presents important information about our business.

Unless otherwise specified in this section or unless the context otherwise requires, the following discussion is based on our Unaudited Financial Results for the quarter and half year ended September 30, 2021 and Audited Financial Statements for the financial year ended March 31, 2021 and financial information for the year ended March 31, 2020 which is derived from the comparatives of the Audited Financial Statements for the financial year ended March 31, 2021 and in relevant parts, on internally prepared statistical information available to our management and publicly available information.

Our fiscal year ends on March 31 of each year, so all references to a particular “fiscal year” and “Fiscal” are to the twelve (12) month period ended March 31 of that fiscal year. Unless otherwise specified, all amounts in this section are stated on a consolidated basis. In this section, any reference to “we”, “us” or “our” is to Rainbow Holiday Resorts International Limited.

Business Overview

Our Company was originally incorporated as a Public Limited Company in the name and style of “Rainbow Holiday Resorts International Limited” under the provisions of the Companies Act, 1956, vide certificate of incorporation issued on June 07, 1994, by the Registrar of Companies, Tamil Nadu. Our Company received the certificate for commencement of business on July 26, 1994, issued by the Registrar of Companies, Tamil Nadu. The name of our company was later changed to its present name “Rainbow Foundations Limited” and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Tamil Nadu with effect from October 16, 1996.

The Corporate Identification Number of our company is L55101TN1994PLC027739.

Since its inception, the Company has been engaged in identifying, developing & promoting highly potential real estates for the purpose of development and selling of commercial and Residential Apartments in various places of Tamil Nadu.

Our Company is promoted by Mr. Anopchand Jain, Mr. Gajraj Jain, Mr. Navin Kumar Jain, Mr. Vikash Kumar Jain, Mr. Nitesh Jain, Mr. Ashish Jain, Mrs. Sarala Jain, Ms. Lalitha Jain, Mrs. N. Anitha Jain, Mrs. Sapna, Anop Chand Jain HUF, Gajraj Jain HUF, Navin and Sons, Vikash Jain HUF.

On the basis of our Unaudited Financial Results for the quarter and half year ended September 30, 2021 and Audited Financial Statements for the financial year ended March 31, 2021, our total revenue from Operations for FY 2021, FY 2020 and 6 months period ended September 30, 2021 was Rs. 2,799.20 Lakh, Rs. 4,361.37 Lakh and Rs. 1,614.16 Lakh respectively and our net profit/(loss) for FY 2021, FY 2020 and 6 months period ended September 30, 2021 was Rs. 91.07 Lakh, Rs. 1.88 Lakh and Rs. 1.13 Lakh respectively.

Our key strengths

We believe the following are our key strengths:

- *Rich experience of our Promoters and Management*
- *Proximity of Projects*
- *Execution of Projects*
- Profitability
- Brand Recognition
- Location of the Proposed Residential Projects

For further details, kindly refer the section titled **“Risk Factors”** beginning on page 21 of this Draft Letter of Offer and the chapter titled **"Our Business "** beginning on page 63 of this Draft Letter of Offer.

Our key strategies

For details of our business strategy, kindly refer to the chapter titled **"Our Business "** beginning on page 63 of this Draft Letter of Offer.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO SEPTEMBER 30, 2021 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Impact of Covid-19

An outbreak of Covid-19 was recognized as a pandemic by the WHO on March 11, 2020. In response to the Covid-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Due to Covid-19, our business operations during initial few months of FY 2020-21 was adversely affected. Our company has taken necessary steps to restart the business operations in gradual manner. Further, India had experienced second wave of infections that has significantly increased the number of persons impacted by COVID-19 during April- June 2021. The Government of India and state governments in India have re-imposed state-wise partial lockdowns and other more restrictive measures in an effort to stop the resurgence of new infections and new variants of the virus. This has also affected the business operation of our company during Q1 of FY 2021-22. Recently, Omicron variant, a new variant of Covid-19 virus has been discovered across the world and we are taking a cautious approach towards the same. The Centre has asked state governments to closely monitor the emerging hotspots and clusters of Covid-19, and breakthrough and re-infection cases in view of the newly detected Omicron variant of the virus.

Except the impact on account of Covid-19 disclosed as above, no circumstances have arisen since the date of the last Financials (quarter and half year ended September 30, 2021) as disclosed in this Draft Letter of Offer which materially and adversely affects or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months of the date of the last Financial Statements as disclosed in this Draft Letter of Offer. Except the impact on account of Covid-19, there is no development subsequent to September 30, 2021 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

FACTORS AFFECTING OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The business of our Company is subject to various risks and uncertainties including those discussed in

section titled **“Risk Factors”** on page 21 of this Draft Letter of Offer. Our financial condition and results of operations are affected by various factors of which the following are of particular importance:

- We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.
- Our business operation is concentrated in one state i.e Tamil Nadu. Regional slowdown, change in state specific laws etc. may adversely affect our business operation and financial condition.
- We rely on independent contractors to execute our projects and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows.
- Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.
- Implication of environment laws in execution of the Projects.
- Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.
- Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.
- A slowdown in economic growth in India and globally could cause our business to suffer.

Our Significant Accounting Policies:

For disclosure of our Significant Accounting policies as at and for the year ended March 31, 2021, as required by Ind AS 1 and other applicable standards, see chapter titled **“Financial Information”** on page 82 of this Letter of Offer.

Change in accounting policies:

There has been no significant changes in the accounting policies during the FY 2020-2021.

Reservations, Qualifications and Adverse Remarks

There are no reservations or qualifications or adverse remarks in the auditors’ report for FY 2020-21.

Related Party Transactions

For details, please see the chapter titled “Financial Statements” beginning on page 82.

SUMMARY AND COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF THE COMPANY

The following discussion on the financial operations and performance should be read in conjunction with the financial statements/results of the company.

Amount in Rs. Lakh

Particulars	6 months period ended Sep 30, 2021		FY ended March 31, 2021		FY ended March 31, 2020	
	Amount (Rs. in Lakh)	% of Total Revenue	Amount (Rs. in Lakh)	% of Total Revenue	Amount (Rs. in Lakh)	% of Total Revenue
Revenue from Operations	2,784.28	96.85 %	3,461.88	91.87 %	2,584.94	88.65%
Other Income	90.50	3.15%	306.44	8.13%	331.03	11.35%
Total Revenue	2,874.78	100.00%	3,768.32	100.00%	2,915.97	100.00%
Cost of Goods Sold (i.e net of Change in Inventories of Stock in Trade)	2,343.46	81.52 %	2,666.74	70.77 %	1,874.24	64.27%
Employee Benefits Expenses	42.21	1.47%	83.94	2.23%	71.05	2.44%
Finance Cost	322.62	11.22 %	778.32	20.65 %	592.49	20.32%
Other expenses	103.97	3.62%	72.63	1.93%	136.34	4.68%
Depreciation and amortization expenses	8.54	0.30%	14.34	0.38%	9.28	0.32%
Total Expenditure	2,820.80	98.12 %	3,615.97	95.96 %	2,683.40	92.02%
Profit before Tax and before exceptional items	53.98	1.88%	152.35	4.04%	232.57	7.98%
Exceptional items: Profit (Loss) on sale of Fixed assets	-	0.00%	-	0.00%	-	0.00%
Profit before Tax and after exceptional items	53.98	1.88%	152.35	4.04%	232.57	7.98%
Current Tax (Including tax adjustment for earlier years)	51.79	1.80%	34.67	0.92%	56.23	1.93%
Deferred Tax	-	0.00%	3.30	0.09%	6.22	0.21%
Total tax expenses	51.79	1.80%	37.97	1.01%	62.45	2.14%
Profit for the period	2.19	0.08%	114.38	3.04%	170.13	5.83%

Financial Performance Highlights for 06 months period ended September 30, 2021

Total revenue

The company's total revenue during the 6 months period ended September 30, 2021 was Rs. 2,874.78 Lakh. The revenue from operation was Rs. 2,784.28 Lakh which comprised 96.85% of company's total revenue for the 6 months period ended September 30, 2021. The Other income of Rs. 90.50 Lakh is 3.15% of total revenue of the Company.

Total expense

The total expenditure during the 06 months period ended September 30, 2021 was Rs. 2,820.80 Lakh. The total expenditure represents 98.12% of the total revenue. The total expenses are represented by cost of goods sold of Rs. 2,343.46 Lakh (81.52% of total revenue), employee benefit expenses of Rs. 42.21 Lakh (1.47% of total revenue), other expenses of Rs. 103.97 Lakh (3.62% of total revenue), finance cost of Rs. 322.62 Lakh (11.22% of total revenue) and depreciation & amortization of Rs. 8.54 Lakh (0.30% of total revenue).

Profit / (loss) after tax

The net profit after tax during the 06 months period ended September 30, 2021 was Rs. 2.19 Lakh representing 0.08% of the total revenue of the Company.

COMPARISON OF HISTORICAL RESULTS OF OPERATIONS**FINANCIAL YEAR ENDED ON MARCH 31, 2021 COMPARED TO YEAR ENDED ON MARCH 31, 2020****1) Total Revenue**

Our total revenue increased to Rs. 3,768.32 Lakh for the year ended on March 31, 2021, as compared to Rs. 2,915.97 Lakh for the year ended on March 31, 2020. Our total revenue during FY 2020-21 has increased by 33.93% as compared to FY 2019-20.

2) Total Expenditure

Our total expenditure increased to Rs. 3,615.97 Lakh for the year ended on March 31, 2021 as compared to Rs. 2,683.40 Lakh for the year ended on March 31, 2020. Total expenditure for the year ended on March 31, 2021 stood at 95.96% of the total revenue as compared to 92.02% for the year ended on March 31, 2020. In absolute terms, total expenditure during FY 2020-21 has increased by 34.75% as compared to FY 2019-20.

3) Revenue from operations

Our revenue from operations increased to Rs. 3,461.88 Lakh for the year ended on March 31, 2021, as compared to Rs. 2,584.94 Lakh for the year ended on March 31, 2020. Operating Revenue for the year ended on March 31, 2021 stood at 91.87% of the total revenue as compared to 88.65% for the year ended on March 31, 2020. In absolute terms, Operating Revenue during FY 2020-21 has increased by 33.93% as compared to FY 2019-20. The Operating Revenue has increased mainly on account of improved sales numbers in land/plots.

4) Other income

Our Other Income decreased to Rs. 306.44 Lakh for the year ended on March 31, 2021, as compared to Rs. 331.03 Lakh for the year ended on March 31, 2020. Other Income for the year ended on March 31, 2021 stood at 8.13% of the total revenue as compared to 11.35% for the year ended on March 31, 2020. The Other Income during the year ended March 31, 2021 as well as year ended March 31, 2020 was mainly on account of interest income.

5) Cost of Goods sold (i.e net of Change in Inventories of Stock in Trade)

Cost of Goods sold as a percentage of total income was 70.77% during the year ended March 31, 2021 as compared to 64.27% during the year ended March 31, 2020. In absolute terms, Cost of Goods sold was Rs. 2,666.74 Lakh during the year ended March 31, 2021 as compared to Rs. 1,874.24 Lakh during the year ended March 31, 2020 representing an increase of 42.28% in FY 2020-21 as compared to FY 2019-20. The increase is mainly on account of corresponding increase in operating revenue and other related factors.

6) Employee Benefit Expenses

Employee Benefit Expenses as a percentage of total income was 2.23% during the year ended March 31, 2021 as compared to 2.44% during the year ended March 31, 2020. In absolute terms, Employee Benefit Expenses was Rs. 83.94 Lakh during the year ended March 31, 2021 as compared to Rs. 71.05 Lakh during the year ended March 31, 2020 representing an increase of 18.14% in FY 2020-21 as compared to FY 2019-20.

7) Other Expenses (including Manufacturing and selling expenses)

Other expenses as a percentage of total income was 1.93% during the year ended March 31, 2021 as compared to 4.68% during the year ended March 31, 2020. In absolute terms, Other Expenses was Rs. 72.63 Lakh during the year ended March 31, 2021 as compared to Rs. 136.34 Lakh during the year ended March 31, 2020 representing a decrease of 46.73% in FY 2020-21 as compared to FY 2019-20.

8) Profits Before Tax and after exceptional items

Profits before tax as a percentage of total income was 4.04% during the year ended March 31, 2021 as compared to loss before tax of 7.98% during the year ended March 31, 2020. In absolute terms, Profit before tax was Rs. 152.35 Lakh during the year ended March 31, 2021 as compared to profit before tax of Rs. 232.57 Lakh during the year ended March 31, 2020 representing a decrease of 34.49% in FY 2020-21 as compared to FY 2019-20

9) Profits After Tax

Profits After tax as a percentage of total income was 3.04% during the year ended March 31, 2021 as compared to 5.83% during the year ended March 31, 2020. In absolute terms, Profit after tax was Rs. 114.38 Lakh during the year ended March 31, 2021 as compared to profit before tax of Rs. 170.13 Lakh during the year ended March 31, 2020.

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and traded on BSE Limited from May 15, 1996.

Stock Market Data of the Equity Shares

- a. The high, low and average market prices of the equity shares of the company during the preceding three years:

Financial Year	High (Rs.)	Date of high	No. of shares traded on date of high	Total volume traded on date of high (in Rs.)	Low (Rs.)	Date of low	No. of shares traded on date of low	Total volume traded on date of low (in Rs.)	Average price for the year (Rs.)*
2018-19	16.59	April 27, 2018	1	16	7.49	August 10, 2018	100	749	8.98
2019-20	20.95	December 02, 2019	400	8380	7.5	March 09, 2020	1	7	15.72
		November 29, 2019	2	41					
2020-21	15.26	December 07, 2020	1591	22028	7.35	February 26, 2021	1	7	10.46

**Sum of total turnover for the period divided by number of shares traded during the period.*

- b. Monthly high and low prices for the six months preceding the date of filing the Draft Letter of Offer with BSE Limited:

Month	Date of high	High (Rs.)	Volume (No. of shares)	Total volume traded on date of high (in Rs.)	Date of low	Low (Rs.)	Volume (No. of shares)	Total volume traded on date of low (in Rs.)	Average price for the month (Rs.)*
June 2021	June 03, 2021	18.4	2700	49157	June 10, 2021	16.25	1690	27716	17.32
July 2021	July 05, 2021	18	2594	44425	July 07, 2021	15.4	697	11407	16.52
August 2021	August 02, 2021	17.5	1572	26404	August 31, 2021	12.45	1110	14619	15.65
September 2021	September 14, 2021	17.24	4664	77320	September 06, 2021	12.85	485	6333	15.60
October 2021	October 29, 2021	17	1903	31198	October 04, 2021	14.65	1402	21226	16.06
					October 06, 2021	14.65	4751	74054	

November 2021	November 01, 2021	16.95	1123	18722	November 29, 2021	14.25	2703	39771	15.27
December 2021**	December 14, 2021	25.90	21702	517704	December 03, 2021	14.01	1001	15570	21.55

**Sum of total turnover for the period divided by number of shares traded during the period.*

*** From December 01, 2021, till December 18, 2021, being the date of filing Draft Letter of Offer with BSE Limited*

- c. Total number of days of trading during the preceding six months: Total Number of days traded during June 01, 2021 till December 18, 2021 – 129 days.
- d. Market price of equity shares immediately after the date on which the resolution of the Board of Directors approving the issue: The closing market price of the Equity Shares of the Company on BSE Limited, as on September 13, 2021 (being a working day immediately after the date on which resolution of Board of Directors was passed for approving Rights issue) was **Rs. 16.70 (Rupees Sixteen Paise Seventy only)**.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Directors or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Directors or Promoters; or (iii) claim involving our Company, Directors or Promoters for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Directors or Promoters (other than proceedings covered under (i) to (iii) above) which has been determined to be “material” pursuant to the materiality policy approved by our Board in its meeting held on May 30, 2019 (“Materiality Policy”) (as disclosed herein below).

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

A. involving our Company, Promoters and Directors :

- i. where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of 01 percent of the turnover of our Company in the most recently completed Fiscal as per the Standalone Financial Information which amounts to Rs. 37,68,000 (Rupees Thirty Seven Lakhs Sixty Eight Thousand only). Accordingly, we have disclosed all such outstanding litigation proceedings where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of Rs. 37,68,000 (Rupees Thirty Seven Lakhs Sixty Eight Thousand only) (being 01 per cent of the turnover of our Company for the Fiscal 2021 as per the Standalone Financial Information); and*
- ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company have been considered “material”;*

B. involving our Directors and our Promoters (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

Further, except as disclosed in this section, there are no disciplinary action taken against any of our Promoters by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Draft Letter of Offer.

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. Litigation against our Company

1. Criminal Proceedings
NIL
2. Civil Proceedings

S. No.	Brief particulars of litigation	Parties Involved	Court under which pending	Amount involved in such proceedings (in Rs.)
1.	The Respondent filed a Civil Suit against our Company for cancellation of the Joint Development Agreement and return of original title deeds.	1) Satvinder Kaur 2) Inderjit Singh Suri(Petitioner) Vs. Rainbow Foundation Limited (Respondent)	Civil Court of Chennai.	1,90,00,000/-
2.	<p>The Company purchased a property at General Patters Road, Chennai from Mr. Loganathan & his family members and entered into an Agreement of Sale on 12.01.2005, registered as Document No.1043/2009 SRO Triplicane.</p> <p>However, during the transition of property from the owner to the Company, Mr. Loganathan died intestate leading to a family dispute, therefore, the Petitioner had filed a Partition Suit in the Hon'ble High Court at Madras against the other coparceners and the Company.</p>	<p>L.Kodiswaran (Petitioner) Vs. 1)L.Thulasidas (deceased) L.Gurusamy (Deceased) L.Balakrishnan and 24 others 2) K.Lakshmi 3) L.Ramasamy 4) L.Manoharan 5) L. Sampath 6)Rainbow Foundations Ltd 7)Land Mark Promoters 8) S.Jagannath 9) Sathiyamoorthy 10) Krishnamoorthy 11) T.Jayalakshmi 12) T.Nandagopal 13) T.Sreedhari 14) T.Lakshmanan 15) T.dhanasekaran 16) T.Chandrika 17) T.Kavitha 18) G.Revathy 19) G.Soundar Rajan 20) G.Suresh 21) M.Jamuna 22) D.Banurekha 23) M.Geetha 24) M.Kaviya 25) M.Vikram (Respondents)</p>	Hon'ble High Court of Madras	Unascertainable

3. *Actions taken by Statutory/Regulatory Authorities*
Nil

4. Tax Proceedings

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved:

Particulars	Number of cases	Amount involved in Rs.*
Indirect Tax		
Sales Tax/VAT	Nil	Nil
Central Excise and Customs	Nil	Nil
Service Tax	Nil	Nil
Total	Nil	Nil
Direct Tax		
**Cases filed against our Company	1	8,85,15,558/-
Cases filed by our Company	Nil	Nil
Total	Nil	8,85,15,558/-

*To the extent quantifiable

**

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	Case Particulars
Income Tax Act 1961	Income tax including interest till the date of assessment	Rs.2,85,218	AY 2002-03	The Commissioner of Income Tax (Appeals)	<p>Our company filed a return for the assessment year 2002-03 admitting taxable income of Rs.11,22,170/- Actually, there was a loss of Rs.2,29,673/- computed under the head "Business" and the same was set off against an income of Rs.13,51,840/- computed under the head "House Property". Though the company had shown certain rental receipts of Rs.19,31,200/- as part of business income for the accounting period ended 31.3.2002, it had taken this sum separately for being assessed under the head, "House Property" and thereby a loss was shown under the "Business".</p> <p>While completing the assessment u/s 143(3) of the IT Act, vide order dated 31.3.2005, the Assessing officer determined the taxable income at Rs.17,01,527/- by subjecting to tax the rental receipts under the head "Business" only. The rental income of Rs.19,31,200/- shown was in respect of certain portions let out for a period of 3 years, the first and second floor of the T.Nagar Project. According to</p>

					<p>the Assessing Officer, since the unsold flats formed part of the stock-in trade and in more particular, the closing stock, the income earned by the company from letting out the flats must also constitute business income. Therefore the Deputy Commissioner of Income Tax has demanded a sum of Rs.2,85,21/- for the AY 2002-03 by its Order dated 31.03.2005.</p> <p>Aggrieved by the said order dated 31.03.2005, the Company has preferred Appeal before the Commissioner of Income-Tax (Appeal). The CIT (Appeals) dismissed the appeal vide its Order dated 4.6.2007.</p> <p>The Company has preferred further Appeal before the Income Tax Appellate Tribunal, Chennai "B" Bench. The Tribunal also dismissed the appeal vide its Order dated 27.6.2008.</p> <p>Further, the Company has filed Tax Case Appeal No.657 of 2009 before the Madras High Court.</p> <p>The High Court passed an Order dated 09.08.2019 in Tax Case Appeal No.757 of 2009 to allowed the appeal filed by the Company and to set aside the Order dated 04.06.2007 passed by the CIT (Appeals) and the matter is remanded to the CIT (Appeal) for fresh consideration.</p> <p>Now the matter is pending before the CIT (Appeals)</p>
Income Tax Act 1961	Income Tax Along with Interest till the date of Assessment	Rs. 73,01,330/-	AY 2013-14	<p>The Commissioner of Income Tax (Appeals)</p> <p>Chennai</p>	<p>Our company filed Return of Income electronically on 26.9.2013 for the AY 2013-14 declaring a total income of Rs.77 Lakhs. The case was selected for scrutiny by IT department and notice u/s143(2) was issued.</p> <p>Based on the documents submitted by the Company, the assessing officer disallowed the payment of interest to some</p>

					<p>companies and demanded a tax of Rs.73,01,330 vide its Order dated 30.03.2016.</p> <p>Aggrieved by the said order dated 31.03.2016, the Company has preferred Appeal before the Commissioner of Income-Tax (Appeal).</p> <p>On 29.9.2021 the company has paid a sum of Rs.51,78,742/- to the IT department under Vivad Se Viswas Scheme. Now the matter was settled.</p>
Income Tax Act 1961	Income Tax Along with Interest till the date of Assessment	Rs. 8,09,29,010/-	AY 2012-13	The Commissioner of Income Tax (Appeals) Chennai	<p>Consequent the search and seizure operations were conducted by the IT Department in a third party place, the IT department found a sum of Rs.13.5 Crores as undisclosed income of the company for AY 2012-13 and subsequently demanded a sum of Rs.8,09,29,010 towards tax vide its order dated 31.12.2018.</p> <p>Aggrieved by the said order dated 31.12.2018, the Company has preferred Appeal before the Principal Commissioner of Income-Tax (Appeal). Now the matter is pending before The CIT (Appeals).</p>

5. Other Material Litigations

S. No.	Brief particulars of litigation	Parties Involved	Court under which pending	Amount involved in such proceedings (in Rs.)
1.	The Company agreed to purchase 9.46 acres of land at Beemanthangal village, Sriperumbudur Taluk from Mr. R. Babashankar & others for a sale price of Rs.5 Crores and entered into an Agreement of Sale	Rainbow Foundations Ltd (Petitioner) Vs. 1) R.Baba Shankar 2) A. Murugan	Hon'ble High Court of Madras.	75,00,000/-

	<p>on 08.06.2006. The Company paid an advance amount of Rs.75 Lakhs. However, the Seller failed to fulfill the conditions precedent to the completion of the sale transaction and cancelled the purported sale of the land. Initially, the matter was referred to the sole Arbitrator headed by Hon'ble Mr. Justice D. Raju. The Arbitrator awarded the case in favour of the Company. However, an appeal is pending against the arbitral award with the Hon'ble High Court of Madras.</p>	<p>3) M. Venkatachalam Ramakrishnan 4) Alamelu Chandrasekaran @ Geetha 5) Neha Krishnan, 6) P. Dinesh Kumar 7) Honourable Mr. Justice D. Raju (Retd) (Respondents)</p>		
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6. *Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals*

Nil

ii. Litigation by our Company

1. *Criminal Proceedings*

Nil

2. *Civil and other Material Litigations*

Nil

2. LITIGATION INVOLVING OUR PROMOTER

i. Cases filed against our Promoter

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities-*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Nil

5. *Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals*

Nil

ii. Cases filed by our Promoter

1. Criminal Proceedings

Nil

2. Other Material Litigations

Nil

3. LITIGATION INVOLVING OUR DIRECTORS

i. Cases filed against our Directors

1. Criminal Proceedings

Nil

2. Actions taken by Statutory/Regulatory Authorities

Nil

3. Tax Proceedings

Nil

4. Other Material Litigations

Nil

5. Disciplinary action against our Directors by SEBI or any stock exchange in the last five Fiscals

Nil

ii. Cases filed by our Directors

1. Criminal Proceedings

Nil

2. Other Material Litigations

Nil

4. LITIGATION INVOLVING OUR SUBSIDIARIES

Not Applicable. As on date of this Draft Letter of Offer, the Company does not have any subsidiary company.

5. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated May 30, 2019, our Company has Nil material creditors, as on September 30, 2021.

For further details, refer to the section titled “*Financial Information*” on page 82 of this Draft Letter of Offer.

6. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

7. MATERIAL DEVELOPMENT SINCE SEPTEMBER 30, 2021.

Since the date of the last financial statements disclosed in this Draft Letter of Offer, there have not arisen, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled “**Management’s Discussion and Analysis of Financial Position and Results of Operations**” on page 127 of this Draft Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Further, the Company also obtains necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for undertaking a new project. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “Objects of the Issue” at page 54 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

This Issue has been initially discussed and approved by the Board in its meeting held on September 11, 2021 and thereafter formally authorised through a resolution passed by our Board at its meeting held on October 14, 2021, pursuant to Section 62(1)(a) of the Companies Act. .

The Board of Directors of our Company has, at its meeting held on December 18, 2021, determined the Issue Price as Rs. 11 per Equity Share in consultation with the Lead Manager, and the Rights Entitlement as 8 (Eight) Equity Shares for every 1 (One) fully paid-up Equity Share held on the Record Date.

Our Company has received in-principle approval from BSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Equity Shares to be allotted in this Issue pursuant to its letter dated [●]. Our Company will also be making an application to BSE to obtain its trading approval for the Rights Entitlements as required under the SEBI - Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "**Terms of the Issue**" beginning on page 151 of this Draft Letter of Offer.

Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group or our Directors, the persons in control of our Company and the persons in control of our Corporate Promoters have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies with which the Promoters or the Directors are associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our individual Promoters nor any of our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Our Company, our Promoters, our Promoter Group or our Directors, the persons in control of our Company and the persons in control of our Corporate Promoters have not been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Association of our Directors with the Securities Market

None of our Directors are associated with the securities market in any manner.

Eligibility for this Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to BSE for listing of the Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the websites of BSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

This Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is less than Rs. 50,00,00,000 (Rupees Fifty Crores).

However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange. The Lead Manager to the Issue, for and on behalf of the Company, will do an online filing of the Letter of Offer with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, the Lead Manager to the Issue, for and on behalf of the Company, will submit a copy of the Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have been represented by our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights

Equity Shares and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Tamil Nadu, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer is set out below:

"BSE Limited ("the Exchange") has given, vide its letter dated [●] permission to this Company to use the Exchange's name in this Draft Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE Limited.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been

increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange. The Lead Manager to the Issue, for and on behalf of the Company, will do an online filing of the Letter of Offer with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, the Lead Manager to the Issue, for and on behalf of the Company, will submit a copy of the Letter of Offer to the e-mail address: cfdil@sebi.gov.in.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer, Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with BSE.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent

to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA,

GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of: our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, the Lead Manager, legal advisor, the Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Our Company has received written consent dated November 24, 2021 from M/s GASM DANSR AND CO., Chartered Accountants, the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its their reports on the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results and the statement of special tax benefits dated November 24, 2021, included in this Draft Letter of Offer, and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

Except for the abovementioned documents, provided by M/s. GASM DANSR AND CO., Chartered Accountants, our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

As of the date of this Draft Letter of Offer, our Company does not have any subsidiary company. Further, none of our associate companies are listed as on date of this Draft Letter of Offer.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on BSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “**Market Price Information**” on page 133 of this Draft Letter of Offer.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System

(SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Cameo Corporate Services Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed off within 15 days from the receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process or the R-WAP process may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process and R- WAP, see "Terms of the Issue" beginning on page 151. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Investor Grievances arising out of this Issue Investors may contact the Registrar to the Issue at

Cameo Corporate Services Limited

Address: "Subramanian Building" No.1, Club House Road, Chennai, Tamil Nadu- 600002

Tel : +91-44 -40020700;

E-mail: priya@cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Website: <https://rights.cameoindia.com/rainbow>

Contact Person: Ms. K. Sreepriya, Vice President & Company Secretary

SEBI Registration No.: INR000003753

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Mrs. Niroshaa Kathiravan

Rainbow Foundations Limited

No. 4, Thanikachalam Road, T. Nagar,

Chennai, Tamil Nadu- 600017;

Tel: +91-44-24344647, 24354647;

Email: rfl.rightsissue@gmail.com

Website: www.rainbowfoundations.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Eligible Equity Shareholders proposing to apply in this Issue. The Eligible Equity Shareholders should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. The Eligible Equity Shareholders are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, the Eligible Equity Shareholders proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in the Letter of Offer.

The Eligible Equity Shareholders are requested to note that application in this issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA, is onetime relaxation made available by SEBI in view of the COVID 2019 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by the Eligible Equity Shareholders, you are advised to read the frequently asked question (FAQ) on the website of the registrar at <https://rights.cameoindia.com/rainbow>.

OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

IMPORTANT

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/dispatched only to the Eligible Equity Shareholders who have provided an Indian address. In case such Eligible Equity Shareholders have registered their e-mail address with the depository or RTA/Company, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their registered e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, or there

are bounce-back cases of e-mail, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have registered their e-mail address with the depository or RTA/Company, the Letter of Offer will be sent only to their registered e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, there are bounce-back cases of e-mail, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable laws) on the websites of:

- (i) our Company at www.rainbowfoundations.in;
- (ii) the Registrar at <https://rights.cameoindia.com/rainbow>;
- (iii) the Lead Manager, i.e. www.tcagroup.in;
- (iv) the Stock Exchanges at www.bseindia.com; and
- (v) the Registrar's web-based application platform at <https://rights.cameoindia.com/rainbow>("R-WAP").

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/rainbow>) by entering their DP ID and Client ID or Folio Number, PAN and such other credentials as may be required (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date). The link for the same shall also be available on the website of our Company (i.e., www.rainbowfoundations.in).

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the

Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue, will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Shareholders desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Shareholders in this Issue, in the event the Shareholders are not able to utilize the ASBA facility for making an Application despite their best efforts). Shareholders should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue on the basis of Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “**Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**” below.

Please note that one single Application Form shall be used by Shareholders to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Shareholders who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Shareholders will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Shareholders are required to submit a separate Application Form for each demat account.

Shareholders may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders are also advised to ensure that the Application Form is correctly filled up stating therein:

- (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Shareholders).

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue by registering the demat account number in RWAP, in accordance with the SEBI Relaxation Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see “**Grounds for Technical Rejection**” below. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “**Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**” below.

➤ **Options available to the Eligible Equity Shareholders**

The Rights Entitlement Letter will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
- (v) renounce its Rights Entitlements in full.

➤ **Making of an Application through the ASBA process**

Shareholders, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Shareholders desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by

SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Do's for Shareholders applying through ASBA:

- (a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Shareholders applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- (b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (d) Do not submit Application Form using third party ASBA account.

➤ **Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process**

In accordance with the SEBI Relaxation Circulars, a separate web-based application platform,

i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/rainbow>), has been instituted for making an Application in this Issue by resident Shareholders. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Shareholders are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Shareholders can access and submit the online Application Form in electronic mode using the R-WAP. Resident Shareholders, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Shareholders should enable the internet banking or UPI facility of their respective bank accounts and such Shareholders should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R-WAP:

- (a) Prior to making an Application using the R-WAP facility, the Shareholders should enable the internet banking or UPI facility of their respective bank accounts and the Shareholders should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Relaxation Circulars.
- (b) Resident Shareholders should visit R-WAP (accessible at <https://rights.cameoindia.com/rainbow>) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.
- (c) Non-resident Shareholders are not eligible to apply in this Issue through R-WAP.
- (d) Shareholders should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Shareholders can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.
- (e) Applicants who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Equity Shares applied for in the Issue.
- (f) The Shareholders shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

- (g) Verification, if any, in respect of Application through Shareholders' own bank account, shall be done through the latest beneficial position data of our Company containing Shareholders' bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- (h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account opened by our Company with the Escrow Collection Bank(s).
- (i) For guidance on the Application process through R-WAP and resolution of difficulties faced by the Shareholders, the Shareholders are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated Shareholders helpdesk (<https://rights.cameoindia.com/rainbow>) or call helpline number 91-44-40020710 / 73388 08559 / 93420 72988.

PLEASE NOTE THAT ONLY RESIDENT SHAREHOLDERS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "RISK FACTORS".

Do's for Shareholders applying through R-WAP:

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.
- (d) Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Shareholders applying through R-WAP:

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Shareholders.
- (c) Do not apply from non-resident account.

➤ **Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- (j) Name of our Company, being Rainbow Foundations Limited;
- (iii) Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- (iv) Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
- (v) Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue
- (vi) Number of Equity Shares held as on Record Date;
- (vii) Allotment option – only dematerialised form;
- (viii) Number of Equity Shares entitled to;
- (ix) Number of Equity Shares applied for within the Rights Entitlements;
- (x) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
- (xi) Total number of Equity Shares applied for;
- (xii) Total amount paid at the rate of Rs. 11 per Equity Share;
- (xiii) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

- (xiv) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- (xv) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- (xvi) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
- (xvii) All such Eligible Equity Shareholders are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Shareholders in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in (“Regulation S”), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where a Shareholders submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Shareholders. The plain paper Application format will be available on the website of the Registrar at www.cameoindia.com.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Shareholders’ ASBA Accounts on or before the Issue Closing Date.

➤ **Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar not later than two Working Days prior to the Issue Closing Date;
- (b) Alternatively, the eligible equity shareholders holding shares in physical form can browse the RWAP portal at <https://rights.cameoindia.com/rainbow> and register their demat account number via Demat Account Registration module by entering their DP id, Client id, PAN and uploading the Client Master list of their demat account number.
- (c) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (d) Such Resident Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.
- (e) After receiving the Rights entitlement in the demat account as registered, the eligible equity shareholder holding shares in physical form can apply for Rights equity shares either by ASBA or by RWAP

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue, unless they register their demat account and receive the Rights entitlement in their demat account. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application

through ASBA process or using the R-WAP.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [●], [●], shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form

Application for Additional Equity Shares

Shareholders are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “- Basis of Allotment” mentioned below.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Additional general instructions for Shareholders in relation to making of an application

- (a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” mentioned above.
- (d) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSBs to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock

- Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
 - (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Shareholders for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Shareholders.
 - (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Shareholders applying under this Issue should note that on the basis of name of the Shareholders, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Shareholders applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Shareholders including mailing of the letters intimating unblocking of bank account of the respective Shareholders and/or refund. The Demographic Details given by the Shareholders in the Application Form would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Shareholders as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Shareholders. Please note that any such delay shall be at the sole risk of the Shareholders and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Shareholders for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Shareholders (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
 - (h) By signing the Application Forms, Shareholders would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
 - (i) For physical Applications through ASBA at Designated Branches of SCSBs, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive

Magistrate under his/her official seal. The Shareholders must sign the Application as per the specimen signature recorded with the SCSBs.

- (j) Shareholders should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Shareholders will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Shareholders are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (r) Do not submit multiple Applications.
- (s) No investment under the FDI route (i.e. any investment which would result in the Shareholders holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Shareholders to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.
- (t) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

➤ **Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where a Shareholders submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Shareholders within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Shareholders, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand.
- (o) If a Shareholders is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Shareholders to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is

eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Shareholders that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (s) Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

Applications by non-resident Shareholders.

- (a) Payment from third party bank accounts.

➤ • **Multiple Applications**

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Shareholders and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “**Procedure for Applications by Mutual Funds**” mentioned below.

In cases where Multiple Application Forms are submitted, including cases where (a) a Shareholder submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “Capital Structure - Intention and extent of participation by our Promoter” mentioned above.

➤ **Procedure for Applications by certain categories of Shareholders**

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its Shareholders group (which means multiple entities registered as foreign portfolio Shareholders and directly and indirectly having common ownership of more than 50% of common control))

shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or Shareholders group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or Shareholders group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the Shareholders will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

1. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
2. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by

VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e. any investment which would result in the Shareholders holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Shareholders to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“Restricted Shareholders”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Shareholders will also require prior approval of the Government of India and each Shareholders should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Shareholders shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificates from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is, [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “- Basis of Allotment” mentioned below.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Shareholders can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

Shareholders who have applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to priya@cameoindia.com in case of Application through R-WAP facility. However, no Shareholders, whether applying through ASBA facility or R-WAP facility, may

withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Shareholders in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Shareholders within one day (T+1) from the date of approval of basis of allotment, T being the date of approval of basis of allotment. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

➤ Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/rainbow>) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), PAN and such other credentials as may be required. The link for the same shall also be available on the website of our Company (i.e., www.rainbowfoundations.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders

in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue. If no application is made for allotment of equity shares against the Rights entitlement credited to the demat account, then such rights entitlement would get lapsed. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. <https://rights.cameoindia.com/rainbow>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company in the name “RFL Rights issue Demat Suspense Escrow account, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity

Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

➤ Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well

➤ Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favor of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

➤ Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “On Market Renunciation”); or (b) through an off-market transfer

(the “Off Market Renunciation”), during the Renunciation Period. The Shareholders should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Shareholders may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Shareholders who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Shareholders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Shareholders.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Shareholders holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to trade.

The Shareholders can place order for sale of Rights Entitlements only to the extent of Rights

Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Shareholders holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Shareholders can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through the ASBA facility, the Shareholders agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholders' ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Shareholders in the Application Form does not have sufficient funds equivalent to the amount

payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Shareholders

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Shareholders

As regards the Application by non-resident Shareholders, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject

to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares.

For details of mode of payment in case of Application through R-WAP, see “**Making of an Application through the Registrar’s Web-based Application Platform (“R-WAP”) process**” mentioned above.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “**The Issue**” beginning on mentioned above.

➤ **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 8 (Eight) Equity Share for every 1 (One) fully paid-up Equity Share held on the Record Date. Hence, there shall be no fractional entitlements in the issue.

➤ **Ranking**

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and Allotted under this Issue shall rank pari passu with the existing Equity Shares, in all respects including dividends.

➤ **Listing and trading of the Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and

commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to BSE for final approvals for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 531694) under the ISIN: INE230F01014. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the regular ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

➤ **Subscription to this Issue by our Promoter and members of the Promoter Group**

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see “**Capital Structure - Intention and extent of participation by our Promoter**” mentioned above.

➤ **Rights of Holders of Equity Shares of our Company**

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

- a. The right to receive dividend, if declared;
- b. The right to receive surplus on liquidation;
- c. The right to receive offers for rights shares and be allotted bonus shares, if announced;
- d. The right to free transferability of Equity Shares;
- e. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in the Letter of Offer; and

- f. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

➤ Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is One Equity Share.

➤ Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

➤ Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Shareholders would prevail. Any Shareholders holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

➤ Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be One Equity Share and hence, no arrangements for disposal of odd lots are required.

➤ Notices

In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and

other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation and one Hindi language national daily newspaper with wide circulation being the regional language of Punjab, where our Registered Office is situated.

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

➤ **Offer to Non-Resident Eligible Equity Shareholders/Shareholders**

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Shareholders has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at priya@cameoindia.com. It will be the sole responsibility of the Shareholders to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the

Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Shareholders can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of Shareholders and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Shareholders being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at priya@cameoindia.com.

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” AS MENTIONED ABOVE.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS[#]	[●]

ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

** Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.
- b) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- c) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a and (b) above. The Allotment of such

Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- d) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b) and (c) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Shareholders who have been allocated Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days’ from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days’ period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Shareholders should ensure that such bank accounts remain valid and active.

In the case of non-resident Shareholders who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

➤ Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

- a) Unblocking amounts blocked using ASBA facility.
- b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Shareholders’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR

numbers. Wherever the Shareholders have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Shareholders through this method.

- d) **Direct Credit** – Shareholders having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) **RTGS** – If the refund amount exceeds ₹ 2,00,000, the Shareholders have the option to receive refund through RTGS. Such eligible Shareholders who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Shareholders' bank receiving the credit would be borne by the Shareholders.
- f) For all other Shareholders, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand s drawn in favour of the sole/first Shareholders and payable at par.
- g) Credit of refunds to Shareholders in any other electronic manner, permissible by SEBI from time to time.

➤ **Refund payment to non-residents**

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Shareholders should ensure that such bank accounts remain valid and active.

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

➤ **Receipt of the Equity Shares in Dematerialized Form**

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO

OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Shareholders shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated 11th March, 2005 with NSDL and an agreement dated 25th February, 2005 with CDSL which enables the Shareholders to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

SHAREHOLDERS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Shareholders having various folios in our Company with different joint holders, the Shareholders will have to open separate accounts for such holdings. Those Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Shareholders and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Shareholders depository participant, would rest with the Shareholders. Shareholders' should ensure that the names of the Shareholders and the order in which they appear in Application Form should be the same as registered with the Shareholders' depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Shareholders will not get any Equity Shares and the Application Form will be rejected.
5. The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Shareholders by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

As a matter of abundant caution, attention of the Shareholders is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least Rs. 0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than Rs. 0.1 crore or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to Rs. 0.5 crore or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by the Board.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Shareholders within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. SHAREHOLDERS GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

- 1) Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
- 2) All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "Rainbow Foundations Limited – Rights Issue" on the envelope and postmarked in India or in the e- mail) to the Registrar at the following address:

Cameo Corporate Services Limited

Address: "Subramanian Building" No.1, Club House Road, Chennai, Tamil Nadu- 600002

Tel : +91-44 -40020700;

E-mail: priya@cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Website: <https://rights.cameoindia.com/rainbow>

Contact Person: Ms. K. Sreepriya, Vice President & Company Secretary

SEBI Registration No.: INR000003753

- 3) In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders will be available on the website of the Registrar <https://rights.cameoindia.com/rainbow>. Further, helpline number provided by the

Registrar for guidance on the Application process and resolution of difficulties is 044-40020710 / 73388 08559 / 93420 72988.

- 4) The Shareholders can visit following links for the below-mentioned purposes:
- a) Frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders: <https://rights.cameoindia.com/rainbow>
 - b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: <https://rights.cameoindia.com/rainbow>
 - c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.cameoindia.com/rainbow>
 - d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: <https://rights.cameoindia.com/rainbow>

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding PAN in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date or (c) demat suspense account where the credit of the Rights Entitlements returned/reversed/failed.

For details of Material Contracts and time and place of their inspection, kindly refer to the chapter Material Contracts and Documents for Inspection on page [●] of this Draft Letter of Offer.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following are the copies of contracts which have been entered or are otherwise proposed to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at www.rainbowfoundations.in from the date of this Letter of Offer until the Issue Closing Date.

I. Material Contracts for the Issue

- i. Memorandum of Understanding dated December 17, 2021 between our Company and Turnaround Corporate Advisors Private Limited, Lead Manager to the Issue;
- ii. Registrar Agreement dated November 25, 2021 entered into amongst our Company and the Registrar to the Issue;
- iii. Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank.

II. Material Documents

- i. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- ii. Annual Reports of the Company for the past three years.
- iii. Certificate of Incorporation dated June 07, 1994.
- iv. Certificate of Commencement of Business dated July 26, 1994.
- v. Fresh Certificate of incorporation dated October 16, 1996 consequent upon change of name from Rainbow Holiday Resorts International Limited to Rainbow Foundations Limited.
- vi. Resolution of the Board of Directors dated October 14, 2021 in relation to the Issue.
- vii. Resolution of Board of Directors dated December 18, 2021 in relation to approving the quantum of issue, issue price and ratio of rights entitlement.
- viii. Resolution of our Board dated [●], finalizing the terms of the Issue and Record Date.
- ix. Resolution of the Board dated [●] approving and adopting the Letter of Offer
- x. Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead Manager, Legal Advisor, the Registrar to the Issue, Banker to the Company, Banker to the Issue/ Refund Bank for inclusion of their names in the Draft Letter of Offer/Letter of Offer in their respective capacities.
- xi. Statement of Tax Benefits dated November 24, 2021 from the Statutory Auditor included in the Draft Letter of Offer/Letter of Offer.
- xii. Tripartite Agreement dated March 11, 2005 between our Company, NSDL and the Registrar to the Issue.
- xiii. Tripartite Agreement dated February 25, 2005 between our Company, CSDL and the Registrar to the Issue.
- xiv. In-principle listing approval dated [●] from BSE.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

(ANOP CHAND JAIN)
Managing Director
DIN: 02215110

Sd/-

(GAJRAJ JAIN)
Managing Director
DIN: 01182117

Sd/-

(PUSHPALA MOTIRAM MANJITH)
Independent Director
DIN: 02161987

Sd/-

(SAMPAT RAJ SINGHVI)
Independent Director
DIN: 01786782

Sd/-

(MAITHRI JAYAKKAR)
Independent Director
DIN: 07155574

Sd/-

(NAVIN JAIN)
Executive Director
DIN: 02213825

SIGNED BY OUR CHIEF FINANCIAL OFFICER

Sd/-

(NITESH JAIN)
Chief Financial Officer
PAN: AAFFJ8666C

Date: December 18, 2021

Place: Chennai