



th ANNUAL REPORT
2010-11



Our Founding Father
Late Shri Radheshyamji Goenka
1929-2010

Visionary, Pioneer, Karmayogi

His integrity, commitment and passion towards his work will
always inspire us to grow with excellence.



25 years of Rainbow

Twenty-five years is one of those rare junctures where you have youth and experience both on your side and here, it is important to say, reaching such a juncture is not always easy. One has to face the toughest challenges. We believe that tough times donot last, but tough people do!

On completing 25 we can talk about the pleasures and pains of starting small, the genesis of a value base organisation culture, the principals of standard governance, personal goals turning into company milestones, sharing wealth and caring for the society, earning knowledge and educations, developing infrastructure for one and all, and, last but not the least quality coupled with complete transparency-which leads a vision to turn into a reality.



Corporate Information

BOARD OF DIRECTORS

SHRI AJAY R. GOENKA	:	CHAIRMAN & MANAGING DIRECTOR
SHRI MANISH R. BAGADIA (Appointed w.e.f. 01.09.2010)	:	EXECUTIVE DIRECTOR (ceased w.e.f. 30.08.2011)
SHRI RAJENDRA V. PATAWARI	:	DIRECTOR
SHRI BHASKER G. BHATT	:	DIRECTOR
SHRI SHASHIKANT N. THAKAR	:	DIRECTOR
SHRI KANTIBHAI H. PATEL (Appointed w.e.f. 12.08.2010)	:	DIRECTOR
SHRI RAHUL J. MAHESHWARI (Appointed w.e.f. 30.08.2011)	:	ADDITIONAL DIRECTOR & EXECUTIVE DIRECTOR

COMPANY SECRETARY

SMT. RUNEL RATHI

STATUTORY AUDITORS

M/S. TALATI & TALATI
CHARTERED ACCOUNTANTS
Ambica Chambers
Nr Old High Court
Navrangpura
Ahmedabad - 380009

COST AUDITORS

MR. VINOD H. SHAH
COST ACCOUNTANTS
W/3, Sakal Apartments
Opp. Naranpura Post Office
Naranpura
Ahmedabad -380013

INTERNAL AUDITORS

M/S. DHANESH B. KHATRI & CO.
CHARTERED ACCOUNTANTS
120, Shivalika, Opp., Lions' Hall
Dimple Cinema Road
New Deesa - 385535

BANKERS

- INDIAN OVERSEAS BANK
- CORPORATION BANK
- UNION BANK OF INDIA
- ALLAHABAD BANK
- AXIS BANK
- DENA BANK
- BANK OF INDIA
- PUNJAB NATIONAL BANK

REGISTRAR & SHARE TRANSFER AGENTS

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
13AB, Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off. Andheri-kurla Road, Sakinaka
Mumbai - 400 072.

REGISTERED OFFICE

801, Avdhesh House
Opp. Shri GuruGovind Gurudwara
SG Highway, Thaltej
Ahmedabad-380054. Gujarat. INDIA
www.rainbowpapers.com

MARKETING OFFICE

DELHI BRANCH

202, Krishna House, 4805/24, Bharat Ram Road
Opp. State Bank Of India, Daryaganj,
New Delhi – 110 002. INDIA

MUMBAI BRANCH

101, 1st Floor, Gemini, Nehru Road
Vile Parle(E), Mumbai – 400 057. INDIA

WORKS

PAPER & BOARD DIVISION

1453, Village Rajpur, Tal: Kadi
Kalol-mehsana Highway:382715
North Gujarat. INDIA

COATING DIVISION

1423, Village Rajpur, Tal: Kadi
Kalol-mehsana Highway:382715
North Gujarat. INDIA

LISTINGS

1. BOMBAY STOCK EXCHANGE LIMITED
(SCRIP CODE 523523)
2. NATIONAL STOCK EXCHANGE OF INDIA LIMITED
(STOCK SYMBOL RAINBOWPAP)
3. LUXEMBOURG STOCK EXCHANGE
(STOCK CODE US7508461073)



forward looking statement

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.





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Product Range

Rainbow offers a wide range of products namely Writing and Printing paper, Newsprint, Duplex Boards, Coated Papers, colour papers, crepe Papers. In the pipeline there are Thermal Papers and Carbonless Papers. With almost 186 varieties of paper to offer, Rainbow is becoming a One - stop solution for various paper requirements. The products are well accepted in the domestic as well as international markets. In line with its goal to have a global presence, Rainbow has established its presence in USA, European Markets, Africa, South East Asia and Middle east.

Writing & Printing Paper

Used for magazines, catalogs, books, commercial printing, business forms, stationeries, copying and digital printing.

Newsprint

A low-cost paper most commonly used to print newspapers, and other publications and advertising material.

Duplex Board

A type of boxboard with a glossy coated surface for superior printability. This product is typically used as packaging material for small boxes that require high quality printability such as consumer electronic products, cosmetics and other consumer merchandise.

Kraft Paper

Kraft Papers may be white or Brown. They are used in paper grocery bags, multiwall sacks, envelopes and other packaging.

Coated Paper

Paper coated by compound (usually Kaolinite or calcium carbonate) to impart weight, surface gloss, smoothness or to reduce ink absorbency and achieve high quality printing - used in packaging, advertising and in magazines.

Crepe Paper

One of the lightest varieties of paper whose structure and formation is crinkled on machine – used mainly for decoration, art work and in packaging industry.

Colour Paper & Boards

Varieties such as Drawing Sheet, Colour Printing Paper, Colour Tissue Paper are made using various colour dyes. Used mainly in art work, packaging and printing industry.

Now Introducing:

Carbonless Copy Paper

Also known as non-carbon copy paper or NCR paper is an alternative to carbon paper. It is used to make copies of an original, handwritten (or mechanically typed) document without the use of carbon paper.

Thermal Paper

This is a special fine paper that is impregnated with a chemical that changes colour when exposed to heat. It is used in thermal printers such as adding machines, billing machines and credit card terminals.




AJAY GOENKA
Chairman & Managing Director

Dear Fellow Shareholders,

As I write this, a myriad of images from the past whizzes through my mind. While the list is endless let me highlight a few of them. The day when we inaugurated our first paper machine of 6000 MTPA. The day we came out with our first public issue. The day we commissioned our first power project of 5 MW. The day we decided to go ahead with our ambitious expansion plans of installing machines to triple our production capacity. Out of this mosaic of images emerges one name "Rainbow". There is no doubt that the Rainbow journey has been an integral part of my life.

Today our production capacity stands at 185000 mt per annum and will soon go upto 305000 mt per annum. With growing volumes and increasing size of the company comes greater responsibility towards all stake holders of the company.

What have been the lessons from this journey?
Assembling a team of extraordinary people who have displayed outstanding capabilities through their value system, competence, low ego and high energy is crucial to the progress of any institution.



The differentiation comes from ideas, and ideas come from bright minds. Therefore, good people are the primary assets of a great organization. It is essential to realize that even the best people may not be able to run the entire marathon. Different people run out of endurance and intellectual horsepower at different points of time.

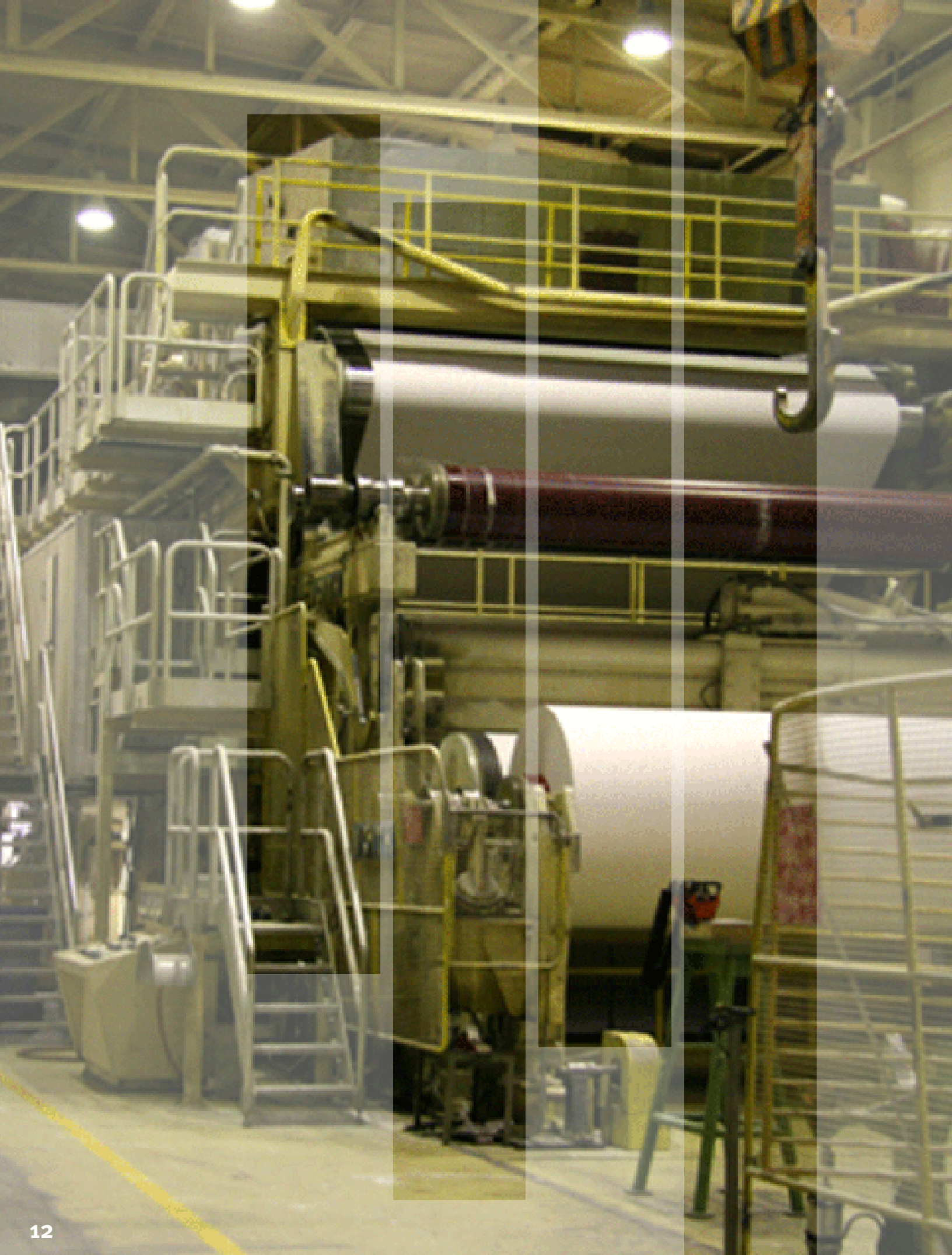
A sense of ownership among employees is extremely important to build a long-term future for a corporation. Such ownership comes from fair, merit-based and generous sharing of wealth and perquisites among each member of the company.

The crucial things we have to do in the future are: recognize our weaknesses; be open-minded about learning from people better than us; learn from our mistakes and not repeat them; be humble, honest and courteous; benchmark with the best in every dimension; use innovation to perform at global levels; and

create a worthwhile vision and improve with each passing day.

Matching our production to our customers' needs to avoid building excess inventories that exert pressure on selling prices is the way we manage the business. In the face of expansions and capacity enhancement, cost reduction has remained a focus area by maintaining a discipline around spending. Scalability is the true test of endurance of an organization. The ability to grow successfully without losing quality, productivity. Employee, investor and customer satisfaction, has been our strength.

Ensuring sustained differentiation in a changing environment for better net income margins is very important. In my opinion the best measure of differentiation is the per capita free cash flow generated. Such cash flow bring cash to invest in people, systems, technology, research, infrastructure, training and better customer and employee confidence.



What differentiates an organization from its competitors is a sound value system, meritocratic approach, imagination, timely decision making and excellent execution.

For the past 25 years, Rainbow Papers has championed the sustainable management of natural resources. Today, we continue to build on this tradition as we look for new and better ways to further improve our environmental footprint, strengthen our strategic partnerships and strike a critical balance among environmental, social and financial performance.

In face of macro environment with continually strong domestics demand and active environmentally friendly policies promulgated by the government to maintain the sustainable development of the economy, the company continues to seize the market opportunities through the progressive launch of new products to achieve product and market diversification concurrent with the elevation of its production capacity.

Through strengthening internal control, consolidating financial position, enhancing product quality and adhering to environmental beliefs, the company can maximize the return on its invested resources, boost the confidence of its customers and suppliers and create a harmonious environment for the growth of its employees. The company will continue to pursue its development in a focused manner and attain core values that clearly stand out from its industry peers. At the same time, the company will use its best endeavors in energy conservation and emission reduction in the establishment of benchmarks for the industry.

AJAY GOENKA
Chairman & Managing Director

Accolades

- We have been declared as the Highest Importers for the 3rd consecutive year as well as the 3rd Highest Exporters at ICD-Sabarmati by M/s. Container Corporation of India for the year 2010-11.
- We have been ranked as 4th in Small Cap 400 publication by Dalal Street for the year 2009-10; whereas in 2010-11 we have been upgraded to Mid Cap category, wherein we have been ranked as 208 among 400 Mid Cap Companies.
- We have been recognized and awarded as '**Star Export House**' by Director General of Foreign Trade.

Certifications

ISO 9001

Quality Management

ISO 14001

Environment Management

OHSAS 18001

Occupational health and safety

FSC-COC Certification

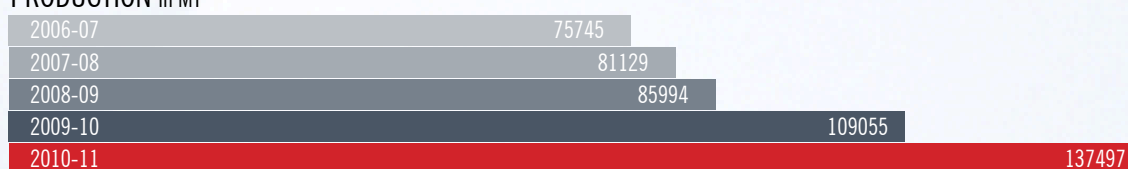
Forest Stewardship Council – Chain of Custody

Over the past 15 years, FSC has created the leading global system for credible certification of environmentally and socially responsible managed forests. The FSC issues certificates for well managed forests and was created to provide the means for corporate buyers and the public to identify products coming from responsible forest management.

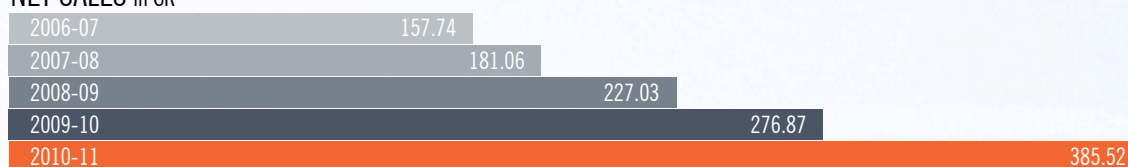
Rainbow has been certified for FSC-COC. It shows our compliance with the highest Environmental & Social standards of international market. It is an assurance to our customers that our paper products have positive environmental attributes that are backed by a global system of verification.

Highlights

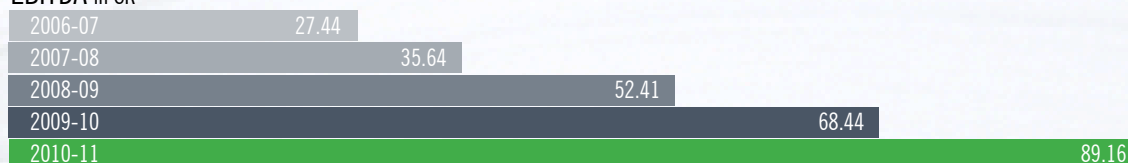
PRODUCTION in MT



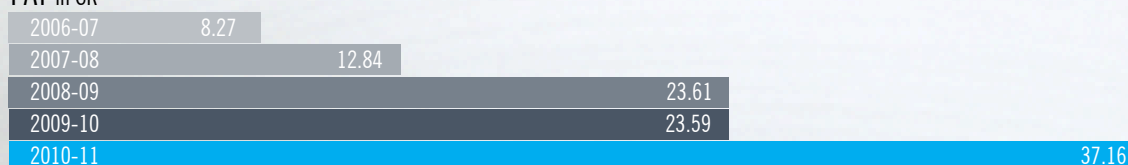
NET SALES in CR



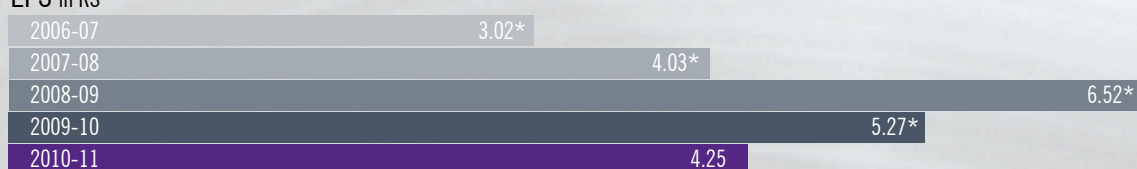
EBITDA in CR



PAT in CR



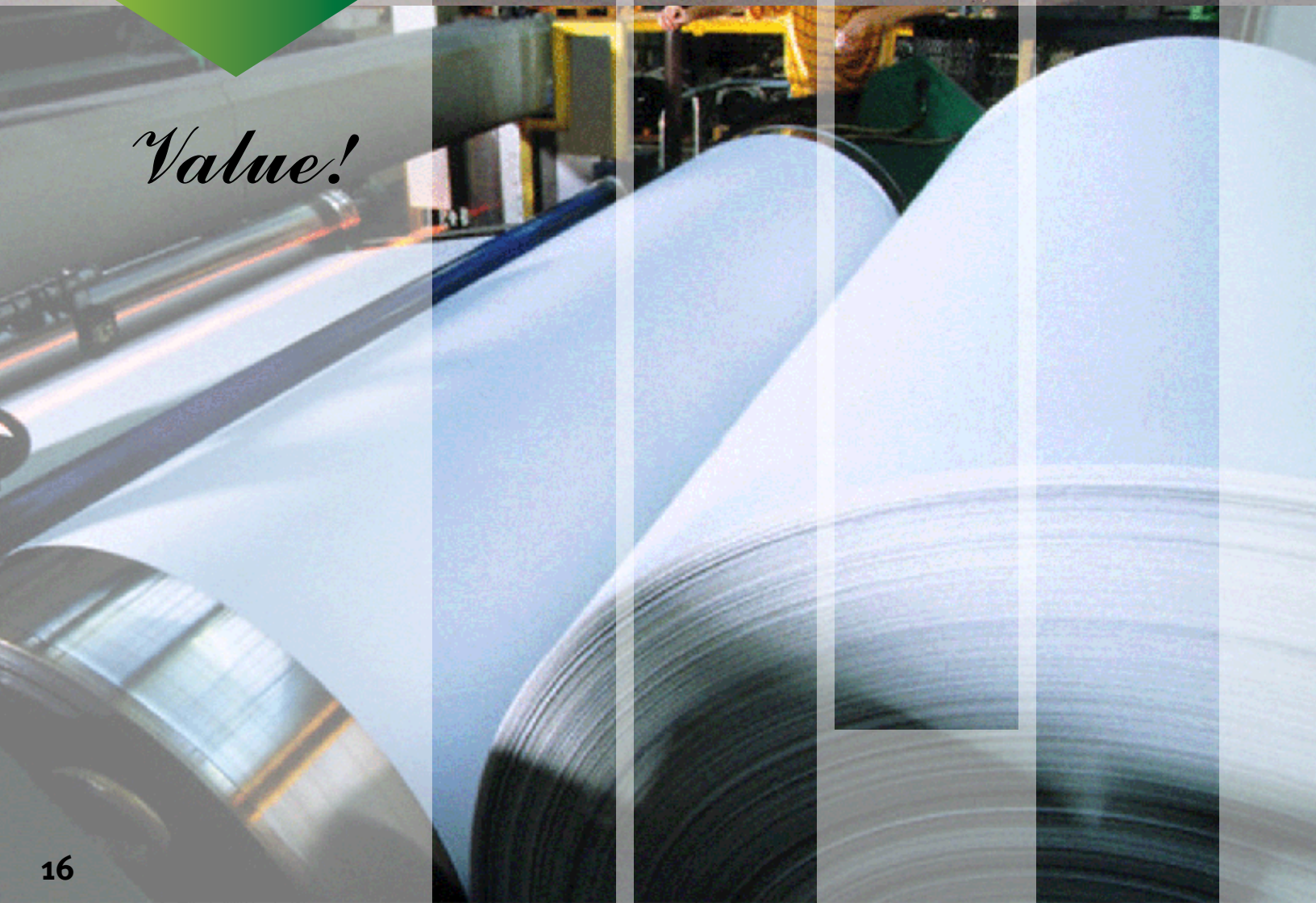
EPS in RS



*RESTATED



Waste..



Value!

Creating Value from Waste

Paper products are the single biggest component of the municipal solid waste stream. Effective paper recycling efforts can help conserve landfill space and natural resources and preserve biological diversity by reducing the call to harvest timber from wild areas. Ancient forests help regulate global temperatures, clean the atmosphere, recycle water, and provide habitat for millions of species. By creating value out of waste paper, we are working towards creating a truly ecological and a sustainable human civilization. New technology and improved markets have made paper recycling much easier over the years. New technologies have made paper segregation easier as well as enhanced the quality of recycled paper.

What is saved by using recycled materials to make paper versus raw materials is first and most obviously forests but also energy and landfill space as well as air and water pollution. Recycling 1 ton of newsprint saves about 1 ton of wood whereas recycling 1 ton of writing & printing paper saves about 2 tons of wood. It is estimated that recycling about half of the world's paper could save about 20 million acres of forest.

Recycling 1 ton of paper

- saves 17 trees
- saves about 4,000 kWh of electricity.
- saves more than three cubic metres of landfill space.
- reduces greenhouse gas emissions by 1 MT of carbon equivalent (MTCE).
- saves 31780 ltrs of water
- causes approximately 35% less water pollution and 74% less air pollution



Publishing industry going green

The impact of pulp and paper production on the world's forests is profound. About 40% of all commercially traded timber is used for paper production. With the rising demand for paper & paper products this percentage is bound to increase. However, over the last five years, there has been a noticeable shift in the publications industry toward FSC paper. Support from FSC's stakeholders, such as Greenpeace's book campaign, GFTN and Forest Ethics, has been the key to this success.

In the 1990s, in the United Kingdom BBC Magazines made the first move in the editorial sector, committing to using FSC paper for its edition of BBC Wildlife.

Greenpeace launched 'The Greenpeace Book Campaign' in 2000 with the aim to 'green' the book publishing industry, which was printing the majority of their books on virgin (non-recycled) paper. Since then leading international authors such as JK Rowling, Ian Rankin, Günter Grass, Marlene Streeruwitz, Isabel Allende among others have pledged with Greenpeace to ensure that their future books are printed on 'ancient forest friendly' paper such as recycled and Forest Stewardship Council (FSC) certified paper.

Since 2000, 6 million books have been printed on recycled paper made from post-consumer waste in Canada, in Spain more than 7 million books have been printed on Ancient forests friendly paper and more than 40% of the UK publishing houses have introduced policies to promote FSC certified paper. In 2007, for the first U.S. printing of the 12 million volumes of the 784-page Harry Potter and the Deathly Hallows the publishers Scholastic decided to go green. 65% of the 16700 tons of paper used was FSC certified.

Greenpeace's book campaign has already convinced major publishers in Canada and Europe to make the switch to papers that maximise post-consumer recycled content with any virgin fibre coming from FSC certified sources. Slowly but surely, the world is giving due credence to the importance of recycling and using paper made from recycled fibre.



At Rainbow, our mantra is

Reduce, Reuse & Recycle.

We constantly endeavour to enhance productivity by effective usage of our by-products.

making bricks from fly ash

Fly Ash is a residue of our Captive Power Plant. We use this fly ash to manufacture bricks and blocks used for heavy construction. Fly Ash Bricks are an environment friendly cost saving building product. They are three times stronger than conventional bricks with consistent strength.

Go green with **RAINBOW**

Rainbow's Green Initiatives





creating laminate sheets from plastic waste

The plastic contents obtained from waste paper during sorting are also polluting agents which lead to an additional process of disposal. At Rainbow, we use this waste to manufacture laminate sheets both corrugated and plain. These can be used for roofing purposes as well as to replace plywood in manufacturing furniture.

manufacturing boards from sludge

Sludge is a by-product of our manufacturing process. We treat this sludge and use it to manufacture boards which are used in various kinds of packaging. It can be sandwiched between paper or cloth and is used for manufacturing shoe boxes, saree boxes et cetera.



DIRECTORS' REPORT

To,
The Members,
RAINBOW PAPERS LIMITED,
AHMEDABAD

Your Directors have great pleasure in presenting herewith the 25th Annual Report together with the audited financial statements for the financial year ended 31st March, 2011.

Financial Highlights:

Your company's performance for the financial year 2010-11 is summarized below:

(Rs. In Lacs)

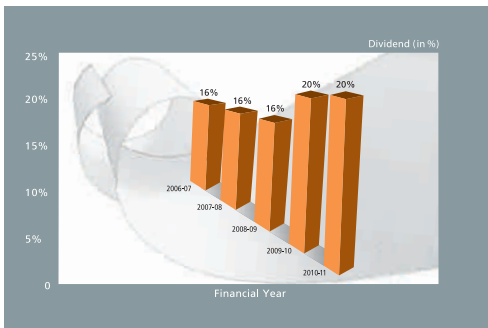
FINANCIAL RESULTS	2010-11	2009-10
Gross Turnover	40173	29281
Profit before Depreciation, Interest & Tax	8916	6844
Depreciation	2780	2403
Profit before Interest & Tax	6135	4441
Interest	1585	1327
Profit before Tax	4550	3114
Taxation: Less/ (Add) Current Tax	930	528
MAT Credit Entitlement	(756)	(186)
Deferred Tax	660	413
NET PROFIT AFTER TAX	3716	2359
Less : Excess/ Short Provision & Prior Period adjustments	(6)	4
BALANCE PROFIT FOR THE YEAR	3710	2363
Add: Balance brought forward	6339	4583
NET SURPLUS AVAILABLE FOR APPROPRIATION	10050	6946
Proposed Dividend	349	349
Corporate Tax on Dividend	57	58
Transfer to General Reserve	300	200
Surplus carried forward to Balance Sheet	9344	6339
EPS	4.25	5.27 (Restated)



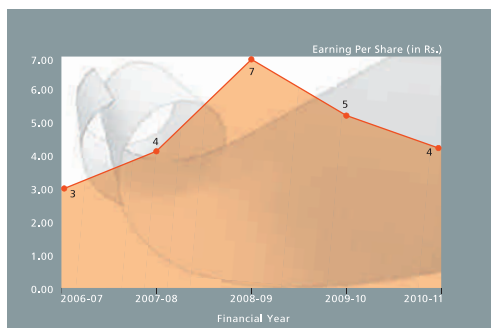
Dividend:

Your Directors are pleased to recommend a Dividend @ Rs. 0.40 per Equity Share (on the face value of Rs. 2/- each) for the financial year 2010-11. The payment of the aforesaid dividend is subject to approval of the members at the 25th Annual General Meeting of the Company and shall be paid to those members whose names appear in the Register of Members on 21st September, 2011, being the record date and in respect of Equity Shares held in dematerialized form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on 21st September, 2011.

The total dividend payout for the financial year 2010-11 is of Rs. 348.87 Lacs (previous year: Rs. 348.87 Lacs) including dividend distribution tax of Rs. 56.60 Lacs (previous year: 57.94 Lacs).



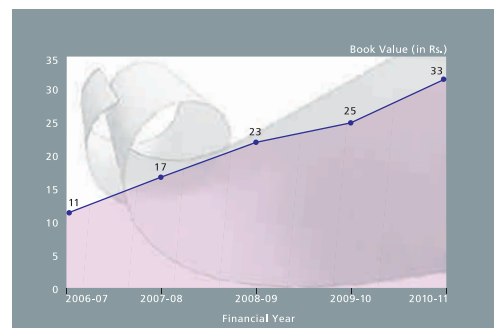
Dividend paid by the Company for last 5 years



EPS of the Company for last 5 years

Share Capital:

Your Company had taken approval of the members at an Extra Ordinary General Meeting held on 20th April, 2011, for the allotment of 40,00,000 Equity Shares of Rs. 2/- each at a premium of Rs. 58/- per share and 60,00,000 Convertible warrants convertible in to 60,00,000 Equity Shares of Rs. 2/- each at a premium of Rs. 58/- per share (convertible within a period of 18 months). The allotment of the said Equity Shares and Convertible Warrants could not be completed on account of pending approvals from the Regulatory Authorities.



Book Value of the Company for last 5 years

* Figures of EPS and book value restated for the F.Y. 2006-07 to 2009-10 due to sub-division of face value of Equity Shares from Rs. 10/- each to Rs. 2/- each.

Review of Operations:

During the year under review, your Company had achieved highest production in the history of the Company with better efficiency. This could be achieved on account of full operation of PM 7 imported from Germany with production capacity of 250 MT per day, rebuilding of other paper machines and installation of various balancing equipments.

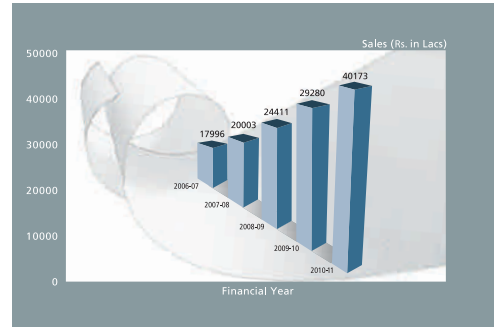
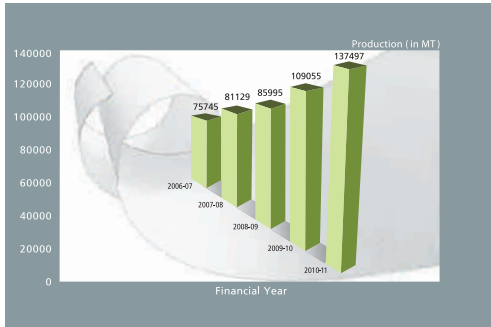
The brief highlights of operations of the Company during the year are as under:

- The Company has achieved total production of 1,37,497 MT as compared to 1,09,055 MT in the previous year.
- The Company has recorded total turnover of Rs. 40173 lacs as compared to Rs. 29281 lacs in the

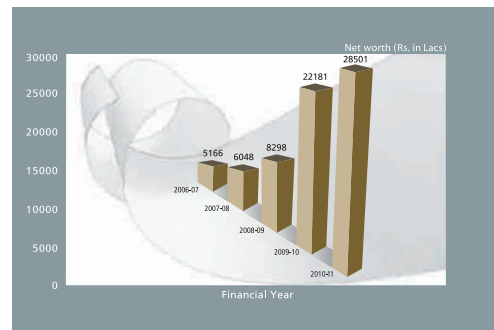
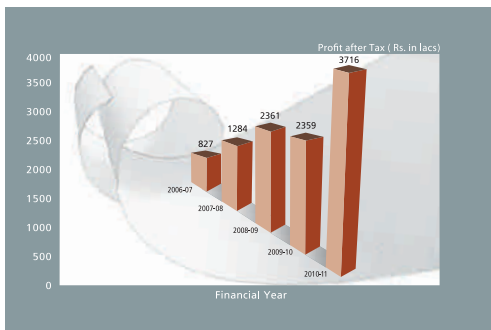
previous year, recording a growth of 37% in the sales turnover.

- The Company has earned Profit after Tax of Rs. 3716 lacs compared to Rs. 2359 lacs in the previous financial year recording an increase of 58%.

- The net worth of the Company was recorded to be Rs. 28501 lacs as on 31st March, 2011 in comparison to the net worth in the previous financial year of Rs. 22181 lacs.
- The Company has earned EBIDTA margin of Rs. 8916 lacs as compared to Rs. 6844 lacs in the previous year.



A glimpse of Production and Sales achieved by the Company in last 5 years.



A glimpse of PAT and Network of the Company in last 5 years.

Finance:

During the year under review, the Company has serviced all its debt payment and interest obligations on the respective due dates. In order to meet the cost of expansion programme, the Company had taken a Term Loan of Rs. 20,000 lacs, which was sanctioned by the consortium of eight banks and out of which Rs. 16,270 lacs has been disbursed and utilized by the Company upto 31st March, 2011, for its expansion project.

respect of paper and paper board for the year 2009-10 by CAPEXIL. This award has been received by the Company for the 2nd consecutive year.

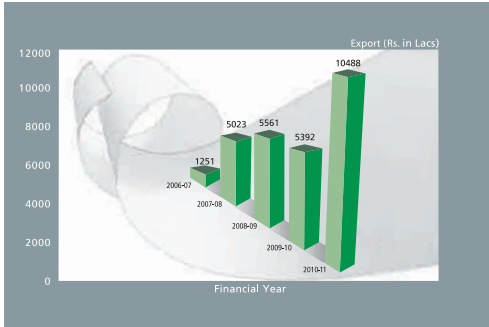
With firm commitments and through sustained efforts, your Company continues to maintain good rapport with global customers. Our quality products and timely delivery have found wide acceptance in the highly competitive international market.

Exports:

Your Company exported 36,409 MT of paper during the year under review as compared to 22,033 MT in the previous year. The exports accounted to 26.68% of gross sales. The exports proceeds amounted to Rs. 10,488 Lacs as compared to Rs. 5,392 Lacs during the previous year.

Our products are being exported across the globe. During the year, your Company has successfully exported its products in to various countries such as Africa, Middle East, South East Asia, U.S.A., U.K., France, Indonesia, Sri Lanka, Egypt and Bangladesh. With the Company's clear aim and determined focus, your Company looks forward to explore more untapped markets such as Mauritius, Philippines and Latin America.

Your Company was honoured with the special award in recognition of its outstanding export performance in

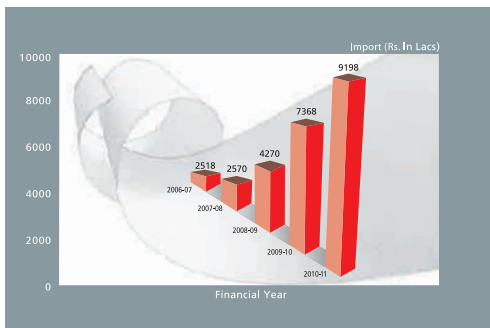


Exports made by the Company for last 5 years

Imports:

Your Company imported 76,585 MT of waste paper and 556 MT of chemical during the year under review as compared to 74,325 M.T. of waste paper and 522 M.T. of chemical respectively in the previous financial year. Your Company has been awarded as 1st largest importer at ICD, Ahmedabad by “Container Corporation of India Ltd” for year 2010-11 for the third consecutive year.

The imports amounted to Rs. 8,939 Lacs of waste paper and Rs. 259 Lacs of chemicals as compared to Rs 7,143 Lacs of waste paper and Rs. 224 Lacs of chemicals respectively in the previous year.



Import of Waste Paper and Chemicals for last 5 years

Expansion Programme:

Your Company has taken up the expansion programme from time to time. The current expansion programme pertaining to installation of paper plant imported from Germany, is presently under the final stages of completion. The total project cost for the said expansion programme was Rs. 32,700 Lacs. The entire project cost included the cost of installation of the plant already imported from Germany with production capacity of 1,22,000 MT p.a., along with its technological upgradation, installation of 20MW power plant, deinking plant, pulp mill etc.

The paper manufacturing plant i.e. PM8 would commence full fledged production by October, 2011.



The said new plant shall be utilized for manufacturing of various value added products like thermal paper, non carbon paper, glazed newsprint, light weight paper etc. Post commissioning of the plant, the production capacity of the Company would enhance from present 1,85,000 MT per annum to 3,05,000 MT per annum. With the completion of the said expansion, your Company would be the sixth largest paper Company in terms of its installed capacity.

Your Company obtained the terms of reference from the Government of India for the installation of power plant of 20 MW in the month of January, 2011. Thereafter, your Company placed order for installation of turbine from M/s. Cethar Vessels Limited and boiler from M/s. Triveni Engineering Limited. The Power plant is expected to commission by March, 2012.

Wealth out of waste project:

Your Company had also taken up wealth out of waste projects, which included installation of the following:

a. Brick manufacturing plant:

The fly ash generated as by-product of power plant shall be utilized for manufacturing bricks. The brick making machine has already been installed at the plant with an installed capacity of 200 lacs bricks per annum. The said plant has already commenced full fledged production.



A glimpse of Brick manufacturing plant

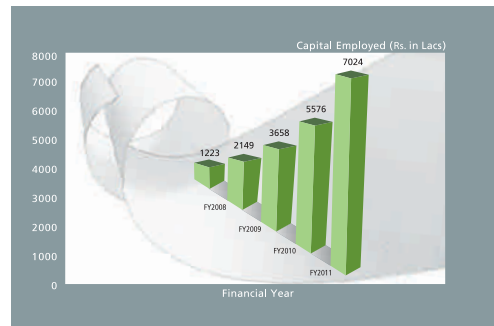


A glimpse of Plastic Sheet manufacturing plant

b. Plastic sheet manufacturing plant:

The plastic contents segregated at the time of processing from the waste paper shall be utilized by the Company for manufacturing of plain and corrugated plastic sheets and other related items.

The plastic sheet plant has the capacity of manufacturing 1,80,000 sheets per annum. The trial production has already begun.



** Gross Fixed Assets includes Capital Work-In-Progress

A glimpse of Gross Fixed Assets & Capital Employed for last 5 years

Future Outlook :

Your directors have planned to enter the consumer segment by launching value added consumer products such as note books, copier papers, office stationery under the brand “Rainbow”. This would involve total capital outlay of Rs. 2,500 lacs , which shall be sourced from internal accruals. The Company is initially planning to penetrate through building distributorship network in the states of Gujarat, Rajasthan and Maharashtra. The branding exercise shall commence by 3rd quarter of FY 2011-12.



The Company is also evaluating options for

- waste paper collection facility in Singapore, Canada, Dubai
- Acquisition of pulping capacity in high pulp producing countries.
- Setting up folding duplex board plant in India.
- Joint venture with local partner for sourcing and marketing in African Country.
- Widening its presence in International Market.

Directors:

During the year under review, Shri Kantibhai Patel and Shri Manish Bagadia were appointed as Additional Directors on the Board of the Company with effect from 12th August, 2010 and 1st September, 2010 respectively. They hold office up to the ensuing Annual General Meeting of the company.

Your Directors extend a warm welcome to the new Directors on the Board of the Company.

Shri Rajendra Patawari, Director is liable to retire by rotation under Article No. 150 of Articles of Association of the Company and being eligible offers himself for reappointment.

Directors' Responsibility Statement:

Pursuant to the requirements under Sub Section 2AA of Section 217 of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:-

- (1) that in the preparation of Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any.
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profit for the year ended on that date.
- (3) that the Directors to the best of their knowledge and ability have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) that the Directors have prepared the Annual Accounts on a "going concern basis".

Audit Committee:

Pursuant to the provisions of Section 292A of the Companies Act, 1956, the Board of Directors of the Company has constituted a committee of Board of Directors as Audit Committee consisting of the following members:

1. Shri Shashikant Thakar : Chairman
2. Shri Rajendra Patawari : Independent Director
3. Shri Bhasker Bhatt : Independent Director

Audit Committee shall have such powers and authority as provided under the aforesaid provisions and shall act in accordance with the terms of reference to be specified in writing by the Board of Directors from time to time.

Fixed Deposits:

Your Company has not invited or accepted any fixed deposits from public in terms of provisions of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

Insurance:

The Company's properties including Building, Plant and Machinery, Stocks, Stores, etc., have been adequately insured.

Global Depository Receipts:

Your Company had issued 1,02,35,455 Global Depository Receipts (GDRs), each representing one equity share of nominal value of Rs. 10/- each during the financial year 2009-10.

The said GDRs are listed at Euro MTF market of Luxembourg Stock Exchange.

As on 31st March, 2011, total 3,54,27,275 number of GDRs are outstanding for conversion.

Transfer to Investor Education and Protection Fund

Your Company sends letters to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made in co-ordination with the Registrar to locate the shareholders who have not claimed their dues.

During the year, your Company has transferred a sum of Rs. 87,231/- for the financial year 2002-03 to Investor Education and Protection Fund, which was due & payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C(2) of the Companies Act, 1956. Despite the reminder letters

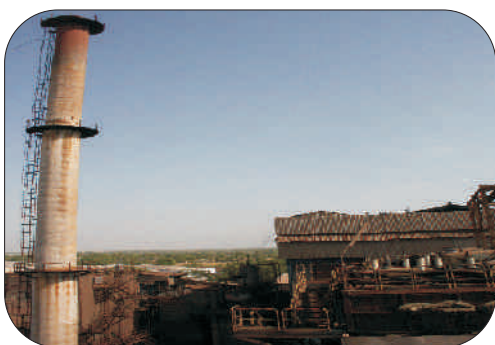
sent to each shareholder, this amount remained unclaimed and hence was transferred.

Infrastructure

Your Company is having all infrastructure facilities required for running of industry in excellent manner. The plant is located at National Highway No. 8 and is fully surrounded by developed industries. The place is also having thick population so manpower is easily available. The Company has its own labour colony. The power is constantly available through its Captive Power Plant as well as from Gujarat Electricity Board. Your Company has its own tube wells to get sufficient water. The Company is reusing 98% of water and discharge of water is hardly 2% of total consumption. The units are having “No-objection” letter from Gujarat Pollution Board for manufacturing activity of paper.



Paper Machine at a glance



Power Plant at a glance

Awards and Accolades:

- ❖ Your Company has been declared as the 1st Highest Importer for the 3rd consecutive year at ICD-Sabarmati by M/s. Container Corporation of India for the year 2010-11.
- ❖ Your Company has also received the Special Award in recognition of its outstanding export performance in respect of Paper and Paper Board by CAPEXIL for the second consecutive year.

- ❖ Your Company has been upgraded by the Dalal Street from Small Cap to Mid Cap and Rainbow has been ranked as 208th among top 400 Mid Cap Companies in India. Previous year, your Company was ranked as 4th among top 400 Small Cap Companies in India.
- ❖ We have been accredited with FSC-COC certification (Forest Stewardship Council – Chain of Custody).

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The particulars as prescribed under section 217 [1] (e) of the Companies Act, 1956 read with Rule 2 of the Companies [Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure ‘ A ’ forming part of this Report.

Particulars of Employees:

The information required as per Sub- Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors’ Report for the year ended 31st March, 2011 is enclosed and it is forming part of the balance sheet.

Corporate Governance:

Our Board with well qualified independent Directors’ guidance and team work and various committees constituted under corporate governance, the Company is in a position to excel in its activities with complete fair and transparent practices. The Board committees regularly scrutinize the policies and proposals made by the operating management and also provide an unbiased independent assessment of the business procedures.

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report and a Report on Corporate Governance are given as Annexure to this Report.

A certificate from the Statutory Auditors of the Company regarding compliance by the Company of the conditions stipulated under Clause 49 of the Listing Agreement is attached to this Report.

The Company is in process of implementing the Corporate Governance Voluntary Guidelines 2009, issued by Ministry of Corporate Affairs, in December, 2009.

Information Technology:

Your Company continues to invest in Information Technology and leverage it as a source of competitive advantage.

As the IT systems become more sophisticated and mission critical, there is continuous focus on IT security and on reliable disaster recovery management processes. These are periodically reviewed and tested to provide reassurance on their efficacy and adequacy.

Health, Safety, Security And Environment:

Rainbow Papers Limited has always been emphasizing for achieving better environmental conditions at work place. From time to time various initiatives have been undertaken such as plantation, installation of latest technological equipments to reduce waste generation and to recycle and reuse the waste materials to the maximum possible extent. The mill development programme undertaken by the Company is an extension of your Company's commitment to further better our environment.

The Company takes pride in providing a healthy and safe operating environment for its employees. It is a recycled based paper unit which uses the waste paper as raw material for manufacturing its finished product. Thus, saving the forests which are already in scarcity. Constant efforts are made to conserve natural resources. During the year, the Company was able to further reduce its energy and water consumption per unit by installing new energy meters. The Company deploys eco-friendly technology to provide a safe and clean environment in its neighbourhood. It has installed efficient Effluent Treatment Plants in order to protect the environment. Adequate measures are also taken for the safety of the workmen working at the plant by providing them helmets, safety belts etc.

Corporate Social Responsibility:

Corporate Social Responsibility continues to assume an important role in the activities of the Company. It encompasses much more than social outreach



programs and is an integral part of the way the Company conducts its business. The Company contributes a part of its income to social, charitable and cultural organizations. It reaches out with the objective of improving the quality of life of the economically deprived people in the places where the Company has a presence.

Your Company is making efforts to promote CSR activities. In lieu of this, your Company intends to set up a new division under the name of 'Rainbow Institute of Technology & Research' (RITR) for imparting training relating to paper and power projects. This institute would aim in imparting practical job oriented training to technical people about the latest technology in manufacturing of paper and generation of power.

The Company is also planning to procure services of Senior Technical persons who are eminent in their respective fields, so as to ensure smooth functioning of the ensuing institute.

Quality:

In today's global competition and open economy, quality plays a vital role in marketing the products and stay ahead of others. Therefore, great emphasis is given to manufacturing products that meet high standards of quality in the global market and customer satisfaction.

Proactive efforts are directed towards determining customers' requirements and achieving all-round customer satisfaction. This is primarily achieved through automated systems (reducing manual handling to a minimum), high attention to complaint resolution, online communication and information exchange, quality circles etc.

Your Company has installed latest Quality plus System which ensures and controls the Quality of its product.

ISO Certifications:

ISO 9001 / ISO 14001 Accreditation

Your Company's Quality Management Systems continue to be covered by the "ISO 9001" accreditation. Company's Environmental Management System continues to enjoy "ISO 14001" accreditation.

OHSAS 18001 Certification

Your Company continues to enjoy certification under Occupational Health and Safety Assessment Series 18001 (OHSAS) which is an International Standard which facilitates management of Occupational Health and Safety risks associated with the business of the organization.

Credit Rating:

The current Bank Loan rating as assigned by the CRISIL is as under:-

Sr. No.	Facility	Rated Amount (Rs. in lacs)	Rating
1.	Cash Credit	4500	BBB-/Stable
2.	Term Loan	39761	BBB-/Stable
3.	LC & Bank Guarantee	5635	P3
	Total	49896	

'P3' indicates that the degree of safety regarding timely payment on the instrument is adequate.

'BBB' are judged to offer a moderate safety with regard to timely payment of financial obligations for the present.

Cost Auditors:

Pursuant to Section 233-B of the Companies Act, 1956, the Central Government has ordered that the Company carries out an audit of cost accounts relating to Paper every year. Mr. V.H. Shah, Cost Accountant, was appointed as Cost Auditor for the year 2011-12. The Cost Audit Report for the year 2010-11 will be submitted to the Central Government on or before the due date.

Dematerialization:

The shares of the Company are in compulsory demat segment and are available for trading in the depository system of both National Securities Depository Ltd (NSDL) and the Central Depository Services India Ltd

(CDSL). As on 31st March 2011, 8,60,95,395 nos. of equity shares forming 98.71% of the equity share capital of the Company stands dematerialized.

Listing of Shares:

The equity shares of the Company are presently listed on the Bombay Stock Exchange Ltd, (BSE) and National Stock Exchange of India Limited (NSE). The Equity Shares got listed with NSE on 2nd June, 2010. The BSE & NSE have nation wide terminals and therefore, shareholders/investors are not facing any difficulty in trading in the shares of the Company from any part of the Country.

The GDR of the Company are listed on Euro MTF Market of Luxembourg Stock Exchange

As there is no trading activity carried out by the Ahmedabad Stock Exchange Limited (ASE), your Company made an application to ASE, for getting its shares delisted from the said Exchange. The confirmation letter for delisting of shares was received from Ahmedabad Stock Exchange Limited on 9th July, 2010.

Your Company has paid annual listing fees for financial year 2011-2012 to BSE and NSE. Annual maintenance and listing agency fee for the calendar year 2011 has been paid by the Company to Luxembourg Stock Exchange, Luxembourg. Your Company has also paid custodial fees to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

Statutory Auditors:

The Auditors, M/s. Talati & Talati, Chartered Accountants, Ahmedabad, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors' Report:

The notes to the Accounts referred to in the Auditors' Report of M/s. Talati & Talati, Chartered Accountants, Ahmedabad, are self explanatory and therefore do not call for any further explanation under Section 217 (3) of the Companies Act, 1956.

Industrial Relations:

Industrial Relations remained cordial throughout the year under review. Several industrial relation initiatives implemented by the Company have significantly helped in improving the work culture, enhancing productivity and enriching the quality of life of the workforce.

Appreciations and Acknowledgements:

Your directors wish to place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

The Board places on record their appreciation for the support and co-operation received by the Company from its suppliers, redistribution stockists, retailers, business partners and others associated with the

Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be Company's endeavor to build and nurture strong links with the trade based on mutuality of benefits, respect to and co-operation with each other, consistent with consumer interests.

Your directors also take this opportunity to thank all investors, clients, vendors, banks, regulatory and government authorities and stock exchanges, for their continued support.

For and on behalf of Board of Directors

Place : Ahmedabad (Ajay R. Goenka)
Date : 7th May, 2011 Chairman & Managing Director

- Your Company had subsequently called another Extra Ordinary General Meeting on 18th August, 2011, seeking approval of the members for the issue of 40,00,000 Equity Shares of Rs. 2/- each at a premium of Rs. 59/- per share and 60,00,000 Convertible warrants convertible in to 60,00,000 Equity Shares of Rs. 2/- each at a premium of Rs. 59/- per share (convertible within a period of 18 months). Consequent to the receipt of in-principle approval of BSE and NSE, the allotment of said equity shares and convertible warrants was made at the Board Meeting held on 30th August, 2011. Your Company is in the process of making application for the final listing of said 40,00,000 Equity Shares to the Stock Exchanges.
- The Bank loan Rating was due for review in the month of May, 2011. The same has been upgraded by CRISIL vide its letter dated 7th July, 2011 which is as under:

Sr. No.	Facility	Rated Amount (Rs. in lacs)	Rating
1.	Cash Credit	11105	BBB+/Stable
2.	Term Loan	31369	BBB+/Stable
3.	LC & Bank Guarantee	7650	P2
4.	Proposed Long term Bank Facility	53976	BBB+/Stable
	Total	104100	

Declaration:

The Board of Directors of the Company have approved and adopted code of conduct for the Directors and Senior Management Personnel. I hereby declare to the best of my knowledge and belief that, all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the current year.

Place : Ahmedabad
Date : 7th May, 2011

For and on behalf of Board of Directors
Ajay R. Goenka
Chairman & Managing Director

Annexure - A

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURES IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY:

1.	Energy Conservation Measures Taken	<ul style="list-style-type: none">a. 2 numbers of De-Super Heater were installed in order to control & regularize the steam, which resulted into steam saving and ultimately power generation in power plant.b. Web Coated System along with VFDs installed at various cutters resulted into energy saving.c. Preventive team is formed for periodical checking for electrical motors & pumps.d. Appointed in-house committees to look into reduction of power and steam and wastage of water.
2.	Additional Investment & Proposal, if any, being implemented for reduction of consumption of energy	<ul style="list-style-type: none">a. 2 numbers "Decanter" & sludge press are being installed at outlet of effluent treatment plant to reutilize the fiber at very first stage.b. High efficiency motors & pumps along with soft starters are installed at various places including pulp mill.
3.	Impact of measures at (1) & (2) above for the reduction of energy consumption and consequent impact on the cost of production of goods.	All the above measures have resulted in substantial savings in energy cost.
4.	Total Energy Consumption and Energy Consumption per unit of Production.	Form – A (annexed herewith).

Form - A

(See Rule 2)

(Rs. In Lacs)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2010-11	2009-10
A : Power & Fuel Consumption :		
1. Electricity		
(a) Purchased		
Total Units (kwh)	616170	1794682
Total Amount	84.20	157.46
Rate / Unit (Rs.)	13.66	8.77
(b) Own Generation		
(i) Through Diesel Generator		
Total Units	-	11984
Units per ltr. Of Diesel Oil	-	2.10
Cost/Unit (Rs.)	-	22.43
(ii) Through Turbine		
Total Units	96251342	67263010
Units per tonne of Lignite/coal	946.06	1025.97
Cost/Unit (Rs.)	3.07	2.68
2. Coal		
(i) For Power Generation		
Total Quantity (Tons)	101739	65560
Total Cost	2956.61	1803.68
Average Rate (Rs.)	2906.08	2751.17
(ii) For Steam Generation		
Total Quantity (Tons)	108336	68647
Total Cost	3151.40	1888.60
Average Rate (Rs./ Tons)	2908.91	2751.17
B : Consumption per Unit of Production:		
Product Unit (Tons)	137496.93	109054.91
Electricity (Kwh/Tons)	444.08	447.98
Steam Coal (Kgs./Tons)	335.01	360.45

(Previous year's figures have been regrouped wherever necessary)

Form - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

I. RESEARCH AND DEVELOPMENT (R&D)

<p>1. Specific areas in which R & D carried out by the Company.</p>	<p>a. Fiber saving is the prime concern; the Company is putting up maximum efforts for re-use of fiber of one plant to other plant by way of reducing the consumption of Raw Material.</p> <p>b. Effective steps are taken to maintain & preserve the consumption of fuel by mixing method i.e. saw dust with lignite & imported coal of various calorific values.</p> <p>c. Effective steps are taken to reduce the consumption of fresh water.</p>
<p>2. Benefits derived as a result of the above R&D.</p>	<p>a. Yield has improved and less quantity of fiber is drained.</p> <p>b. Better efficiency of coal.</p> <p>c. Consumption of fresh water has reduced and effective use of treated back water has improved.</p>
<p>3. Further plan of action</p>	<p>Main trust of the Company is to use fiber to the maximum possible extent and for which various steps as mentioned above are systematically implemented.</p>
<p>EXPENDITURE ON R & D</p> <p>a) Capital</p> <p>b) Recurring</p> <p>c) Total</p> <p>d) Total R & D expenditure</p> <p>e) As a percentage of total turnover.</p>	<p>No specific expenditure is incurred.</p>

II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1.	Efforts, in brief made towards Technology absorption, Adoption and Innovation	Upgradation of various pulp mill and ETP systems for better fiber recovery with the help of ultramodern equipments is made by team of Rainbow.
2.	Benefits derived as a result of the above efforts e.g. Products Improvement, cost reduction, Product Development, Import Substitution etc.	Timers are placed to save maximum power. a. improved in yield. b. reduction in cost. c. lesser break down of machines. d. uniform quality of finished products.
3.	In case of Imported Technology (Imported during the last 5 years reckoned from the beginning of the Financial Year) following information may be furnished.	
	(a) Technology Imported	Voith make German Plant and De-inking plant from Kadant, Lamort, France.
	(b) Year of Import	2007-2008
	(c) Has technology been fully absorbed	YES
	(d) If not fully absorbed, areas where this has not been taken place, reasons therefore and future plans of action.	One paper plant imported from Germany is already installed and the De-inking plant is also installed. The 2nd imported paper plant is in the process of installation.

III. FOREIGN EXCHANGE EARNING AND OUTGO

(a)	Activities relating to Export initiatives taken to increase development of New Export market for Products and service and Export plants.	The company has exported its product to Africa, Middle East, South East Asia, USA, UK, France, Indonesia, Bangladesh & Sri Lanka during the year under review.
(b)	Total Foreign Exchange Earned and Outgo :	
	Foreign Exchange Earned	Rs. 9509.71 Lacs
	Foreign Exchange Outgo	Rs. 10840.25 Lacs

For and on behalf of Board of Directors

Place : Ahmedabad
Date : 7th May, 2011

Ajay R. Goenka
Chairman & Managing Director



MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. Industry Overview

Global scenario

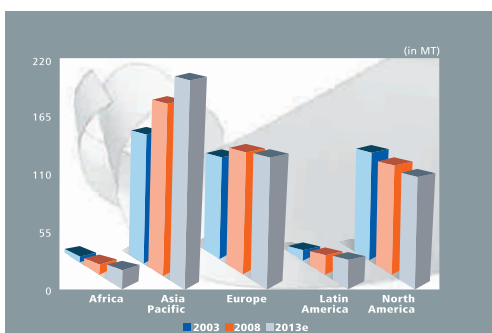
Paper industry plays a very prominent role in World economy. Annual revenue from this sector exceeds USD 500 Bn. World Consumption of Paper and Boards grew from 169 Mn tonnes in 1981, to 250 Mn tonnes in 1993, to 352 Mn tonnes in 2005 and to 390 Mn tonnes currently.

Global Paper manufacturing industry is largely dominated by North America, Western Europe and Asia. Over 100 Mn tonnes of paper and board are consumed by North America, Asia (incl. Japan) accounts for 140 Mn tonnes and Europe's share is around 102 Mn tonnes per annum. The robust growth in Asian economies resulted in large capacity additions in China and India. Additionally, the rising levels of literacy in the region and the sustained thrust on increasing the spread of education are expected to provide the

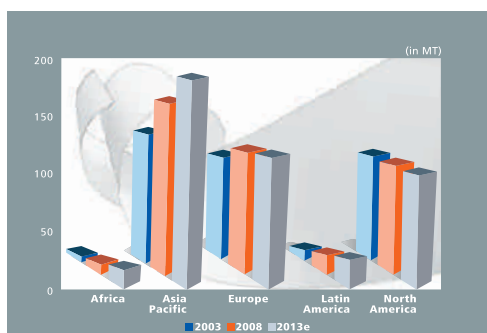
background for sustained demand for paper in this geography.

The following factors can be considered as generic demand drivers for paper, globally:

- Wide scope of application: Paper is used for diverse purpose viz. writing, printing, decorating, tissues, etc. Additionally, it enjoys a wide consumer base i.e., across age groups and socio-economic strata.
- Short lifecycle: The consumable nature of paper results in short lifespan of paper thereby generating immediate replacement demand.
- Absence of substitute: Although polymeric and alternative replacements have been designed to substitute paper, the same are prohibitively expensive.



Global paper capacity trends (mmt)



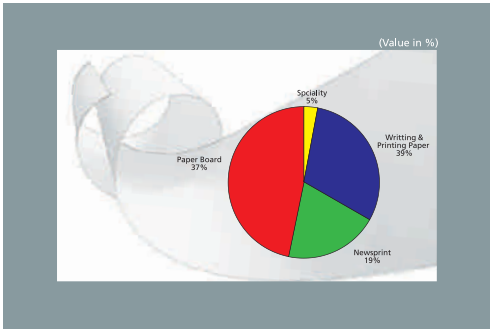
Global paper consumption trends (mmt)

Source: CRISIL Research, Industry

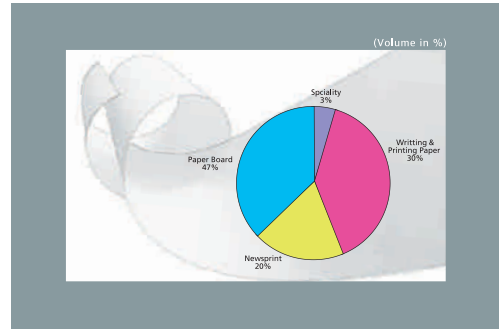
Indian Paper Industry

The Indian Paper Industry has ~642 mills with a rated capacity of ~9Mn MTPA and operates with a capacity utilisation factor (CUF) of 82%. The demand for Paper is expected to increase from 9Kg per capita to 14 Kg per capita by FY 14. The average size of Indian Paper Mills is 38,000 MTPA compared to Global average of

400,000 MTPA. The sector remains fragmented, with a significant amount of capacity concentrated amongst the smaller players with capacities of less than 7,500 MTPA. The domestic paper industry ranks 15th in terms of capacity globally at ~9Mn MTPA, with estimated sales of INR 321bn.



Indian Paper Industry: Value break-up



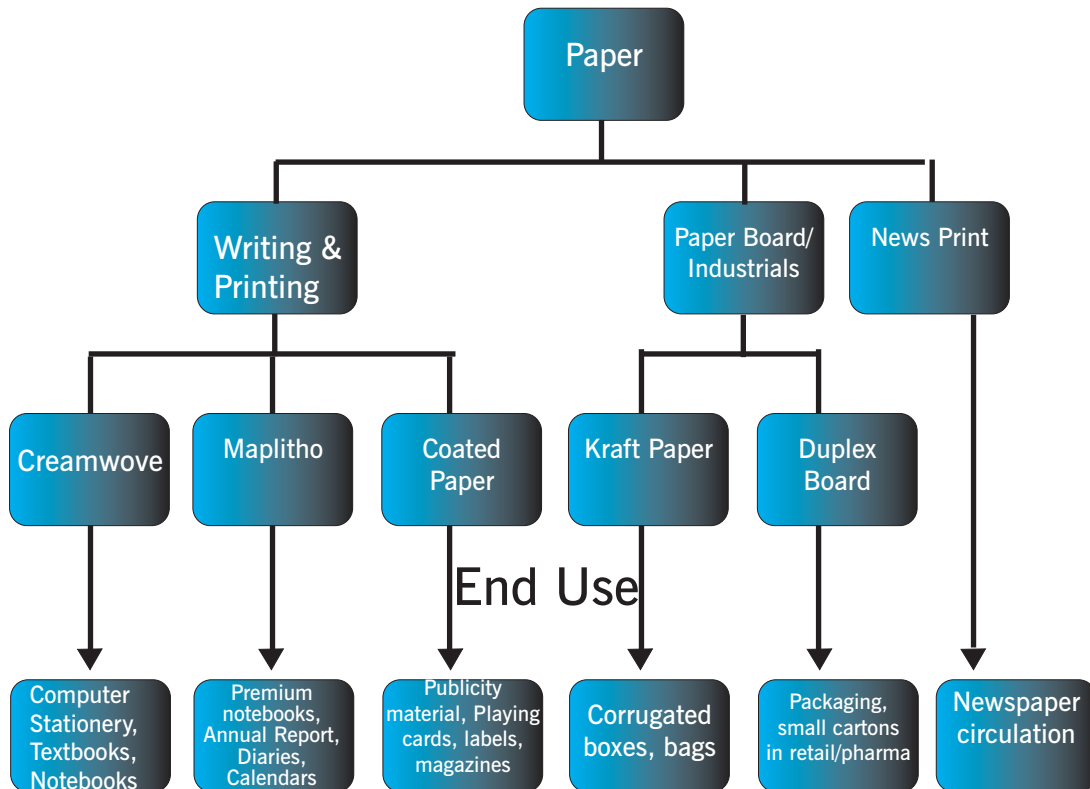
Indian Paper Industry: Value break-up

Source: CRISIL Research, Industry

With regards to India, specific factors contributing to the increasing demand for paper are as follows:

- The ongoing phase of economic growth is a major factor boosting consumption of paper and paperboard. This is most evident from the growth of FMCG and printing sector which are the end users for this product.
- Increase in government spendings on education and rising levels of literacy are contributing to the enhancement of consumption of paper in the form of increasing demand for textbooks, newspapers, magazines, etc.
- The historically low levels of per capita consumption in the country coupled with the growth in population are also resulting in an upward trend in paper demand.

Paper Industry Segments snapshot:



Key manufacturing inputs

Raw materials

Raw materials accounts for the largest portion of manufacturing costs. Hence, sourcing and inventory management of this raw materials play a crucial role in determining the extent of operational profitability.

Wood is used as the primary raw material for the paper industry. Paper mills use wood directly to manufacture pulp or in the form of Wood pulp procured from external sources. However, problems of deforestation and subsequent government efforts to balance out the demand for paper with environmental concerns have resulted in significant capacities being based on agri-residue and waste paper.

Wood and pulp: Larger Indian players utilise a healthy mix of locally sourced wood and imported pulp in order to manufacture maplitho, copier and kraft varieties, whereas the smaller players rely on waste paper and agri residue to produce duplex boards and creamwove.

While domestic merchant prices of wood tend to mirror international prices, industry players have managed to tide over any untoward spike in the form of sourcing

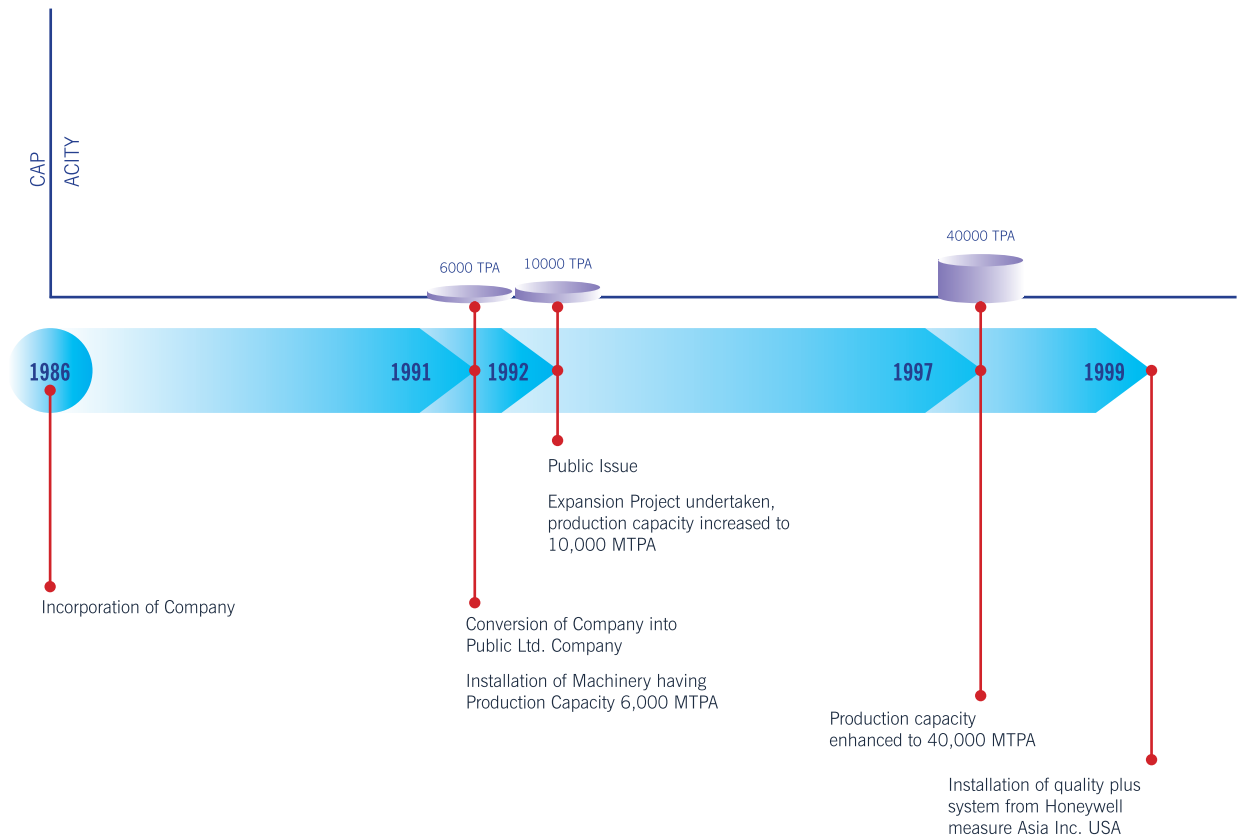
hardwood from farm forestry projects and plantation schemes at previously contracted rates, thus mitigating a substantial hit to profitability. In the case of softwood, companies procure the same from government agencies while softwood pulp is imported from countries like Canada, Finland, Chile, etc.

I/O Ratio

Input	Requirement/ mt paper
Wood	2.5
Bamboo	2.4
Pulp	0.9
Bagasse	5.0
Straw	3.4
Wheat/rice	2.5
Waste Paper	1.1

Wastepaper: Close to 50% of the domestic wastepaper requirement is imported into the country due to the absence of a mechanism for collecting and segregating the used paper. Wastepaper prices are volatile and

MAJOR MILESTONES OF RAINBOW



largely depend on the global demand- supply scenario and the quantum of Chinese demand, which is the largest importer of wastepaper. However, they closely trail the prices of internationally traded pulp, which they complement. The highest quantum of imports is from the US, which is the world's largest wastepaper market.

Agri-residue: Materials such as bagasse, rice and wheat husk, straw, etc., formed the base for 30% of the domestic paper production capacity in FY09, with bagasse being the most utilised material. Agri residues are largely seasonal in nature and are widely used to produce P&B.

Price movement of Paper:

Domestic prices of paper are influenced in varying degrees by the following factors:

International prices: Being a globally traded commodity, different varieties of paper trade closely with international prices. Any deviation which obviates the differential between domestic prices and the landed price of paper (including customs duty) opens the window for imports.

Raw material prices: Since raw materials form the largest component of expenditure, paper prices usually reflect the same.

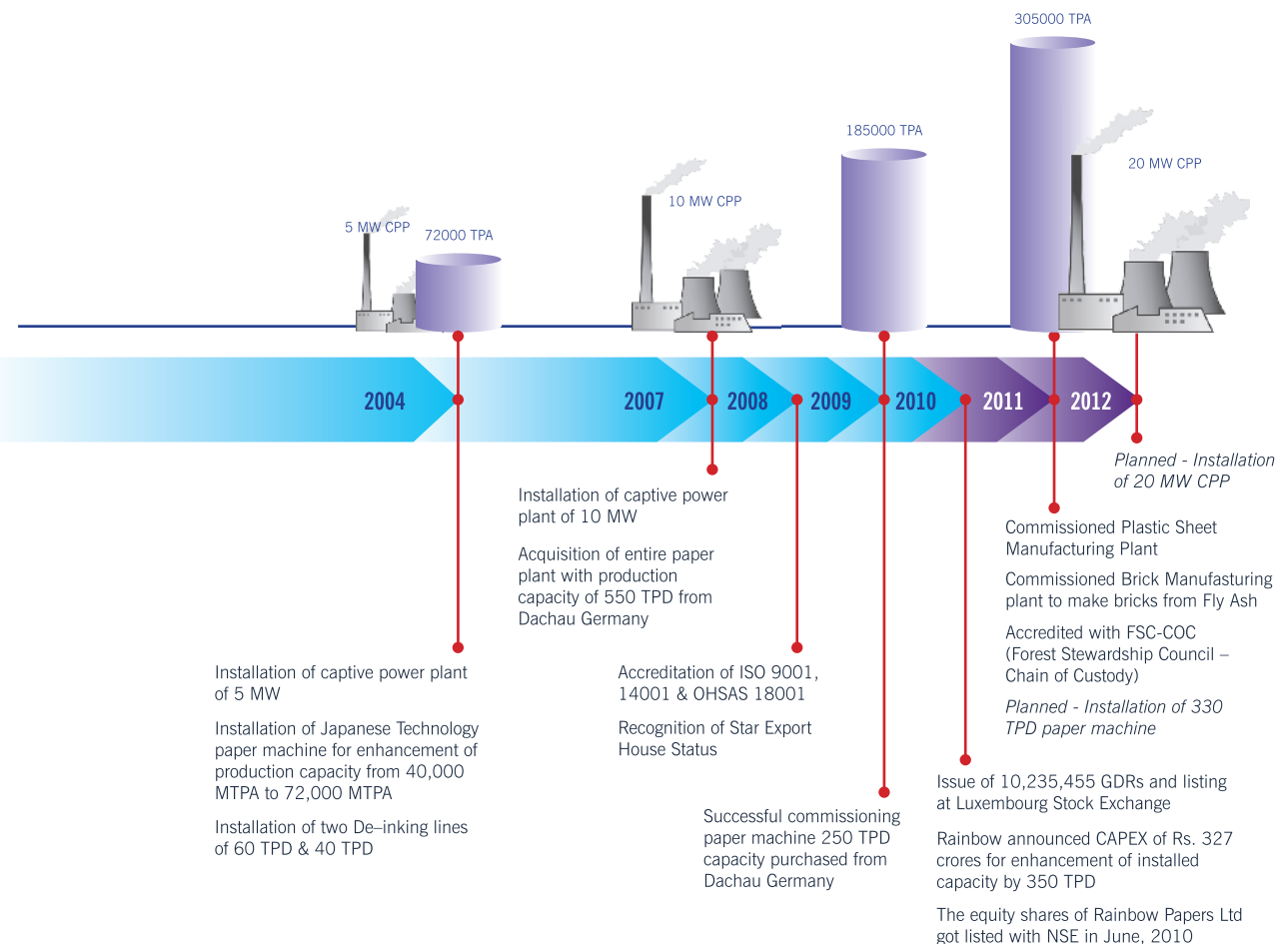
Industry operating rates and variety-wise supply: Operating rates in the industry play a crucial role in determining prices. Simultaneous capex or de-bottlenecking often leads to a correction in prices, whereas closure of capacities often generates short-term spikes in prices.

2. Company Overview

25 Glorious years!

Rainbow Papers Ltd (RPL) was incorporated in the year 1986. The company has successfully completed 25 glorious years of its incorporation on 4th July, 2011.

RPL is promoted by Late Shri Radheshyam Goenka, Ex-Chairman and Shri Ajay Goenka. Both of them have contributed immensely to the growth and development of the company. The entire Rainbow family fondly remembers and pays



homage to Late Shri Radheshyam Goenka, who was an inspiring leader and our mentor. Shri Ajay Goenka has been associated with the paper industry for the last 33 years. Under his aegis, the company has grown from a small manufacturing unit manufacturing 6000 MTPA to an estimated 305000 MTPA by mid of 2011.

RPL takes pride in achieving following Milestones in the last 25 year's span:-

RPL is engaged in manufacturing and marketing of paper and paper products. The company offers wide range of paper including writing and printing paper, newsprint paper, Duplex Board, Coated Paper, Colour Paper and Board, Crepe paper, Poster Paper, Cast coated paper, fluorescent paper. The products manufactured by the company are primarily used for industrial and packaging purpose. The finished products are utilized in packing various consumer products such as tooth paste, butter and for manufacturing notebooks and other stationery items. The company's cast coated paper is used for magazines, Brochures, Annual Reports, Greeting Cards, Invitation Cards, Stickers, Hoardings, Display Boards etc.

The company is presently manufacturing more than 186 varieties of papers and the present production capacity is 183,000 MTPA. The products have wide acceptability not only in Indian markets but also in the global market and the company has established its presence in various countries like USA, Middle East, South Africa, South East Asia and U.K.

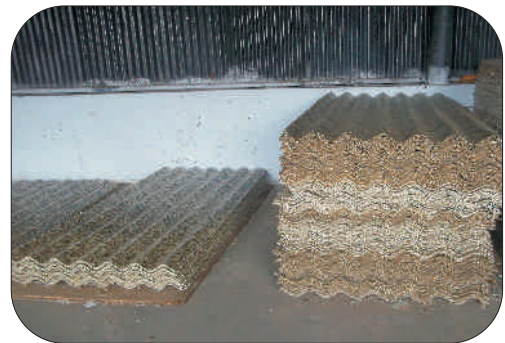
Rainbow uses recycle based paper for its manufacturing unit. It uses various qualities of waste paper as its raw material for manufacturing finished paper. Thus it is an 100% eco friendly unit.

Use of recycled paper helps reduction in the input costs viz., Saving of energy consumption by 40%; Waste water by 50%; Solid waste by 49% and Wood use by 100%.

Rainbow in its continued devotion towards protecting the environment has also taken up two projects for the disposal of the waste generated from Paper plant since December 2010. These are:-

* Manufacturing of Bricks out of the fly ash generated from the Power Plant.

* Manufacturing plastic sheets out of the plastic which is being segregated in the process of manufacturing and is utilized for manufacturing of laminate sheets and plastic sheets which has its end use in making furniture, sheds etc.



A glimpse of Wealth out of Waste Projects

The company is also accredited with ISO – 9001, ISO-14001 and OHSAS – 18001.

The company is in its final stages of its expansion plan which included installation of second paper plant imported from Germany along with captive power plant of 20MW and other ancillaries related to the paper plant such as de-inking plant, ETP etc. This paper plant is expected to commence full fledge commercial production by September 2011 and power plant by March, 2012. With this increased capacity, the installed capacity for RPL will stand at 305,000 MTPA. Post expansion, Rainbow will be the 6th largest unit in terms of capacity and in terms of recycled paper, it would be the largest paper manufacturer in India. But this is just the beginning for RPL to set landmarks.

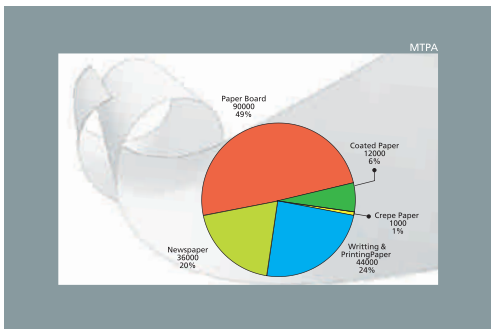
Your company is also making its debut in value added consumer products viz., notebooks, copier paper under own brand "RAINBOW". The production and brand building is expected to commence from November, 2011.

3. Marketing Set up

Today the markets are getting increasingly competitive; but RAINBOW has always adhered to its philosophy of 'Quality and Customer comes first' while facing competition. 'Quality Consciousness along with Cost Competitiveness' has become the mantra for the company. This has helped the company create a large base of loyal customers and an increasing Market Share. Rainbow, essentially a 'Customer Centric Organization', always puts its valued Customers in the centre of all the decisions. As knowledge – driven Organization, a lot of emphasis is laid on new product development, quality improvement and Cost cutting methods, thus providing to its clients 'Quality Products with Brilliant Results'.

Your company has been consistently following the Zero Inventory policy which essential means that no "unsold" product is manufactured and stocked.

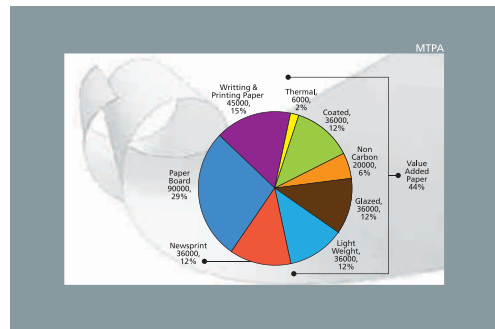
The present product mix and the proposed product mix post expansion are as under:



Keeping in mind its vision to create a globally recognized brand 'Rainbow', the company has been marketing its products aggressively in various countries. The company is among the largest exporters of Duplex Board & colored papers and boards.

Your Company is presently exporting its products to various countries, some of them are: Iran, Malaysia, Bangladesh, Nairobi, Dubai, Egypt & Sri Lanka. Also, is targeting new places such as Mauritius, Philippines, and countries across Africa and Latin America.

Your Company has a network of more than 60 dealers spread largely across Maharashtra, Gujarat and Central India. The client base in India includes various giant Newspaper publications, FMCG Companies etc. Besides, Your Company also regularly participating in tenders from various State Education Boards and Government bodies.



Your company aims towards becoming a truly "Glocal" company. This can be facilitated by creating awareness and marking a presence in various countries. This is done by active participation in various paper fairs and trade shows which are held from time to time. Your company is regularly participating in various Global trade shows from time to time to name a few, 'Paper Ex- India', 'Asian Paper- Bangkok', 'Paper Arabia- Dubai' etc.

whereas maximum possible efforts have been made by your Company for mitigation of the same. The same is detailed herein below:

4. Risk Management

At Rainbow, our Organizational sustainability is best reflected in our risk mitigation, which is proactive and multi-tiered.

Your Company faces various risks factors,

a. Raw Material Risk:

In manufacturing of paper, your Company mainly uses waste paper as raw material. Any scarcity of waste paper would definitely hamper the production process.

Risk Mitigation

Due to the increase efforts made by the Government under the "Sarva Siksha Abhiyan", the consumption of paper has increased drastically. This has led to increased availability of waste paper. Further, your Company is also importing waste paper from various countries.

b. Quality Risk:

Establishment of quality standards is integral for long term sustainability. Any lapse could lead to client attrition.

Risk Mitigation

- Regular and continuous efforts are being made for Quality assurance at each stage of manufacturing process, to enhance and sustain quality.
- Your Company is ISO 9001, 14001 and OHSAS 18001.

c. Margins risk

Increased competition could impact long term sustainability.

Risk Mitigation

- Your Company has undergone an expansion programme to increase its installed capacity from 185,000 MTPA to 305,000 MTPA resulting in higher capacity at lower cost.
- Your Company is also undertaking installation of 20MW power plant, which would increase generation of power and reduce power cost.

d. Brand Risk

Increase in number of brands could enhance clutter and lead to client attrition.

Risk Mitigation

- Your Company is in process of manufacturing of various value added products such as carbon paper, non-carbon paper, light weight paper, glazed news print etc.
- Your Company is also entering into the consumer segment products under own brand "Rainbow" such as note books and copier papers. The expansion will enrich the product portfolio, reinforcing brand.
- Your Company emphasizes a lot on high service standards in terms of customized production and timely delivery.

e. Products substitution Risk

Following an unprecedented growth in Information Technology, most of countries are moving towards the paperless world, which is a threat to the paper industry.

Risk Mitigation

- Computers are prone to virus attack and hitech hacking, hampering data security; hence, the paper medium is unlikely to loose its enduring appeal.
- Sophisticated printers have enhanced the demand for value added paper.
- Replacement of plastic with paper has also increased the demand for speciality paper.
- Increased demand of paper in packaging industry is also a boon for the paper industry.
- The Indian Government's emphasis on education will catalyse demand of papers in coming years.

f. Environment Risk

Non-compliance with stringent environment norms could invite censure from Regulatory bodies.

Risk Mitigation

- Your Company has initiated steps to reduce water discharge and gas emissions.
- Your Company has also invested pro-actively in environment compliance practices.
- Your Company has taken great initiatives in development of wealth out of waste projects by manufacturing bricks and plastic sheets out of the waste. These projects have not only protected the environment, but also generated huge profitability at a very low investment and further, the problem of discharge of the same is also sorted automatically.
- Effluent treatment plants are installed which enables the Company to reuse most of the water after proper treatment.

- Sand and activated carbon filters are activated at the plant to reuse maximum amount of treated water.

g. Distribution Risk

In the paper industry, profitability is influenced by the Company's ability to reach customers. The lack of proper distribution network could impact profitability.

Risk Mitigation

- Your Company has robust distribution network across the country and also in various countries abroad. Your Company's dealers tap various markets in India and abroad, thus being instrumental in the growth of sales and marketing initiatives. Your Company takes pride in saying that every dealer is a part of the extended Rainbow family and is well versed and well updated about the Company's policies with respect to the quantum allocation, pricing etc.
- Your Company works on the motto "Customer centric Organisation" i.e. it always puts its valued customers in the center of all decisions.

h. Financial Risk.

Currency exchange rates could undergo changes, which would have a potential impact on the earnings.

Risk Mitigation

- Your Company is conscious of volatile movements foreign currency exchange rates. Hedging is done wherever necessary and forward covers are taken to mitigate probable risk. Your Company has adopted conservative policy in booking unfavourable impact of exchange fluctuations. Prudent accounting norms are following in line with the accounting standards.

5. SWOT Analysis

Strength

- Sizable ramp up in capacity: Post completion of the expansion plans, your Company will be one of the largest domestic manufacturers of paper. This ramp up will help in apportion

of fixed costs and also provide leverage while negotiating for raw material procurement.

- Strong product profile: Your Company's product profile is comprehensive, spanning the entire range from stationery related creamwove paper and bright coated printing paper to box boards used in packaging. This not only reduces client concentration but also enables the company to mitigate risk on account of sector specific cyclicality.
- Robust business model: Prudent policies for raw material procurement and pricing of despatches ensure stability of operational profitability. Additionally, the purchase and installation of pre-owned machinery and the subsequent reduction in capital costs inspire confidence in the business of the company.
- Zero wastage operations: Your Company converts the fly ash generated from its power plant into bricks, which are captively being consumed presently. Albeit on a small scale, plastic and sludge obtained while processing the waste paper are currently being converted into plastic sheets and boards respectively, which are sold to the construction industry. This eliminates expenditure on waste disposal and in turn, generates alternate streams of revenues at excellent margins.

Weakness

- Raw material pricing: Your Company relies solely on waste-paper for its manufacturing activities. Lack of domestic infrastructure for collection and segregation of used paper is the reason for heavy reliance on imports. Additionally, imports also carry the risk of fluctuation in foreign currency and freight rates. Any untoward gyration in these variables could impact profitability.

Opportunity

- Strong domestic demand scenario: While overall buoyancy in the domestic economy should translate into the increased consumption of paper in terms of office stationery over the next few years, packaging solutions for the FMCG, pharma and consumer durables sectors would account for the most conspicuous form of consumption. Additionally, increasing Government disbursements through educational initiatives like Sarva Shiksha Abhiyaan are

indicators for sustained demand for creamwove paper, used for printing notebooks and textbooks.

- Low levels of per capita consumption: The per capita levels of domestic paper consumption are significantly lower than other developing economies. Going forward, given the momentum of economic activity, even an increase of 1Kg in per capita consumption of paper in the country would generate an incremental demand of 1Mn MT. This would have a positive impact for the paper industry as well as the prices of paper.
- Import substitution: The entire domestic requirement for paper varieties like non-carbon, glazed, light weight and thermal is being met through imports. By tapping the growing demand for these products, RPL would be able to secure a ready market, which should translate into high utilisation levels and rich margins. It would also gain a vital 'First Mover' advantage and thereby improve its brand equity.

Threat

- Unorganised sector: The paper market segment is characterised by a large number of small players who operate mini-mills to cater to localised demand like small scale/cottage industries. They compete on price, with little consideration for quality. However, this scenario is slowly tilting in favour of the larger mills, on account of increasing preference for better quality and the narrowing cost differential.
- Chinese imports: Over the last few years, the Chinese paper industry has aggressively expanded capacities. Going forward, the threat of dumping by Chinese manufacturers exists. However, as is the case with the US and EU, the GoI is likely to introduce anti-dumping duties in this eventuality.

6. Internal Control Systems

Your Company has in place adequate internal control systems and procedures commensurate with the size and nature of its operations. Internal control systems comprising of policies, rules and procedures are designed to ensure sound management of your Company, guaranteeing the safekeeping of your Company's assets, the

efficiency and effectiveness of your Company's operations, the reliability of financial information and compliance with laws and regulations.

The Internal audit team continuously monitors the effectiveness of internal control systems. It reports to the Audit Committee on the audit carried out across your Company's locations. These reports are reviewed by the Audit Committee periodically. The Audit Committee separately has discussions with the Statutory and Internal Auditors about the adequacy, effectiveness and functioning of the internal control systems.

From time to time, the Company is increasing the scope of internal auditors to improve efficiency and introducing greater controls over various aspects of the Company's procedures and systems. The Company is also utilizing new techniques and data systems for its management information systems. The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure the reliability of financial and all other records. The Company has also implemented ERP System to have better internal control over the system.

7. Human Resources

Your Company believes that Human Resources will play a key role in its future growth. Planned efforts are made to develop and retain talent. Learning and Development initiatives focus on developing the professional capabilities. Your Company continues to provide growth opportunities to internal talent by assigning them higher responsibilities with suitable exposure and training.

Your Company endeavours to maintain a positive work environment and constructive relationship with its employees with a continuing focus on productivity and efficiency.

To support the business requirements, we have also in place rigorous recruitment and selection procedure which ensures the best fit for current business needs. To ensure Corporate Social Responsibility, we have GPA policy and mediclaim policy for our employees and also workmen compensation policy for contractor's employees. As a part of good Corporate Governance, we strictly adhere to the corporate and labour law compliances. Our employees have helped in

raising the performance bar in professionalism, opportunity, responsibility, belongingness and accomplishment.

8. Forward Looking Statements

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as "anticipates", "estimates", "expects", "projects", "intends", "plans", "believes" and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized,

although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**For and on behalf of
Board of Directors**

**Place : Ahmedabad
Date : 7th May, 2011**

**Ajay R. Goenka
Chairman &
Managing Director**

REPORT ON CORPORATE GOVERNANCE

In the fast changing business scenario, good Corporate Governance helps in achieving long term corporate goals of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the Corporate entity deals with various stakeholders, with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

1. Company's Philosophy about Corporate Governance:

The Company's Corporate Governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The Company's Philosophy on Corporate Governance is to achieve business excellence and maximizing shareholder value through ethical business conduct. The Company's Philosophy also includes building partnership with all stakeholder- employees, customers, vendors, service providers, local communities and Government. The Company has always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices.

During the year under review, the Board continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans.

The Company is in compliance with the requirements of corporate governance code as per clause 49 of the Listing Agreement with the Stock Exchanges.

2. Board of Directors:

The Board of Directors provide strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

(a) Composition of Board of Directors:

The Company has a balanced mix of executive and non-executive independent Directors. The Board presently consists of six Directors, out of which one is Chairman & Managing Director, one Executive Director and four others are Non-executive independent Directors. The Chairman of the Board is an Executive Director and more than half of the Board members are independent Directors. The Composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement with the stock exchanges. All Directors, except the Chairman & Managing Director are liable to retire by rotation.

Sr.No.	Name of the Director	Executive /Non-Executive	Category
1.	Shri Ajay Goenka	Executive	Promoter Director (CMD)
2.	Shri Manish Bagadia	Executive	Executive Director
3.	Shri Shashikant Thakar	Non-executive	Independent Director
4.	Shri Rajendra Patawari	Non-executive	Independent Director
5.	Shri Bhasker Bhatt	Non-executive	Independent Director
6.	Shri Kantibhai Patel	Non-executive	Independent Director

(b) Brief Resume of Directors

A brief resumes of all the directors on Board of the Company is as under:

MR. AJAY GOENKA

Chairman & Managing Director

Mr. Ajay Goenka, CMD, aged 54 years is a commerce graduate. He started his career at a very young age of 19 years as a paper trader. It is under his leadership that M/s. Rainbow Papers Limited has flourished from a small trading unit to a giant production house manufacturing 186 different varieties of paper, having total production capacity of 1,85,000 MT per annum as on date. He has a rich experience of 33 years in the paper industry.

He is also associated with various Non Profit organizations, Paper associations and schools. He is the Founder Chairman of Indian Agro & Recycled Paper Mills Association, Gujarat Division.

MR. MANISH BAGADIA

Executive Director

Shri Manish R. Bagadia aged 44 years, is a Chartered Accountant by profession. He started his career as Management Trainee with M/s. Gujarat Ambuja Exports Limited at its Jaipur plant in 1992. He joined M/s. Rainbow Papers Limited in September, 2010. He is looking after overall working of the plant, implementation of the new projects and generating new business opportunities for the Company.

MR. SHASHIKANT THAKAR

Independent Director

Mr. Shashikant Thakar, aged 56 years, is Bachelor of Commerce, Bachelor of Law and a Fellow member of the Institute of Company Secretaries of India. He is an Independent Director on the Board of the Company. He is having professional experience of more than 25 years in Legal, Finance and Company law matters. He is Chairman of the Audit Committee of the Board of Directors of the Company.

MR. RAJENDRA PATAWARI

Independent Director

Mr. Rajendra Patawari, aged 39 years, is a Bachelor of Business Administration. He is an Independent Director on the Board of the Company and is having more than 10 years of experience in the Insurance Sector. He is member of the Remuneration & Compensation committee of the Board of Directors of the Company.

MR. BHASKER BHATT

Independent Director

Mr. Bhasker Bhatt, aged 51 years, is Bachelor of Engineering (Mechanical) and LL.B. by qualification. He is an Independent Director on the Board of the Company and is having rich experience of more than 27 years in Engineering Sector. He is Chairman of the Investors Grievances Committee of the Board of Directors of the Company.

MR. KANTIBHAI PATEL

Independent Director

Shri Kantibhai H. Patel aged 64 years, is a Bachelor of Science and Law from Gujarat University. He is also Diploma holder in Master of Labour Welfare (MLW). He has been associated with Textile industries for 12 years and served as Labour Welfare Officer for 7 years in New Cotton Mills Limited. He started his own practice as an advocate in 1980. His areas of practice includes Labour Law and Criminal Law (Management) side.

(c) Board procedure:

The meetings of the Board of Directors are generally held at Company's registered Office at Ahmedabad and are scheduled well in advance to enable the Directors to plan their schedule for the meetings for meaningful, informed and focused decisions. Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive

background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events / items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board updated about the overall performance of the Company. The Board meets at least once in every

quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. Senior executives are invited to provide additional inputs at the Board meeting for the items being discussed by the Board of Directors, as and when necessary.

(d) Number of Board Meetings:

During the year under review, the Board of Directors met eight times on the following dates:

26.04.2010	28.05.2010	12.08.2010	28.08.2010
20.09.2010	03.11.2010	20.01.2011	21.03.2011

The gap between two board meetings did not exceed four months. Apart from physical meetings, the Board of Directors also considered and approved certain matters by circular resolutions, which were noted at the next meeting of the Board.

In terms of the provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges, no director of the Company is a member in more than ten committees or acts as a Chairman in more than five committees of Public Limited Companies, of which he is a director.

(e) Attendance of Directors in the Board Meeting and General Meeting:

Attendance of each Director at the Board Meetings held during the year 2010-11 and the last Annual General Meeting held on 8th July, 2010 is as follows:

Name of Director	No. of Board Meeting	No. of Board Meeting Attended	Attendance in General Meeting
Shri Ajay Goenka	8	8	Yes
Shri Radheshyam Goenka (upto 28.05.2010)	2	2	N.A.
Smt. Sangeeta Goenka (upto 28.05.2010)	2	2	N.A.
Shri Mahendra Jindal (upto 26.04.2010)	1	0	N.A.
Shri Champaklal Shah (upto 28.05.2010)	2	1	N.A.
Shri Manish Bagadia (w.e.f. 01.09.2010)	4	3	N.A.
Shri Bhasker Bhatt	8	6	No
Shri Rajendra Patawari	8	7	No
Shri Shashikant Thakar	8	6	Yes
Shri Kantibhai Patel (w.e.f. 12.08..2010)	6	4	N.A.

(f) Details of other directorship and membership in committees.

The names and categories of the directors on the board along with the number of directorship and committee membership held by them are as under:-

Sr. No.	Name of Directors	Category of directorship	Number of other Directorship	Number of Committee Membership / Chairmanship
1	Shri Ajay Goenka	Chairman & Managing Director (Executive)	5	Member - Shareholder's / Investor's Grievance Committee.
2	Shri Manish Bagadia	Executive Director	3	Member - Shareholder's / Investor's Grievance Committee. (w.e.f. 01.09.10)
3	Shri Bhasker Bhatt	Independent	Nil	Chairman - Shareholder's / Investor's Grievance Committee. (w.e.f. 28.05.10) Member- Audit Committee (w.e.f. 28.05.2010) Member - Remuneration Committee
4	Shri Rajendra Patawari	Independent	1	Member- Audit Committee (w.e.f. 26.04.2010) Member - Remuneration Committee
5	Shri Shashikant Thakar	Independent	Nil	Chairman- Audit Committee (w.e.f. 28.05.2010)
6	Shri Kantibhai Patel	Independent	3	Chairman- Remuneration Committee (w.e.f. 12.08.2010)

- Appointment and Resignation during the year 2010-11.

Appointments:	Shri Kantibhai Patel	12.08.2010
	Shri Manish Bagadia	01.09.2010
Resignations:	Shri Mahendra Jindal	26.04.2010
	Shri Radheshyam Goenka	28.05.2010
	Smt. Sangeeta Goenka	28.05.2010
	Shri Champaklal Shah	28.05.2010

(g) Shareholding of Promoter / Directors as on 31st March, 2011

Sr. No.	Name	No. of Equity Shares of F.V. of Rs. 2/- each held
1	Shri Ajay Goenka	11,23,250
2	Smt. Sangeeta Goenka	3,37,500
3	Bhasker Bhatt	2000
4	Rajendra Patawari	1500

(h) Information supplied to the Board

The Board has unfettered and complete access to any information within your Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board provides direction and exercises appropriate control to ensure that your Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

The information placed before the Board includes:

1. Annual operating plans, capital budgets and updates thereof.
2. Quarterly financial results.
3. Minutes of the meetings of Audit Committee and other Committees of the Board.
4. The information on recruitment and remuneration of Senior Officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary.
5. Show cause, demand, prosecution notices and penalty notices which are materially important.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
7. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by your Company.
8. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on your Company.
9. Details of any joint venture or collaboration agreement.
10. Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front.
12. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non- compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in sharetransfer etc.
15. Risk Management policies of your Company.

(i) Code of conduct

The Board of Directors has laid down a Code of Conduct ("the Code") for all Board Members and Senior Management personnel of your Company. The code is placed on your Company's website www.rainbowpapers.com.

All Board Members and Senior Management personnel have confirmed compliance with the code.

A declaration signed by the Chairman & Managing Director is attached and forms part of the Annual Report of the Company.

3. Committees of the Board

Your Company has constituted the following committees:-

- (A) Audit Committee
- (B) Remuneration Committee
- (C) Shareholders/Investors Grievances Committee

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee meetings are placed before the Board meetings for perusal and noting.

All decisions pertaining to the constitution of the committees, appointment of members and fixing of terms of service for committee members is taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:-

(A) Audit Committee

a) Terms of reference

The terms of reference of this committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreements as well as in Section 292(A) of the Companies Act, 1956 and are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the appointment, reappointment and if required, the replacement or removal of the statutory auditors and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on the exercise of judgement by management.
- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Companies with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transactions.
- g. Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors any significant finding and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with statutory auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

- To look into the reasons for substantial default in the payment to depositors, debentureholders, shareholders (in case of non-payment of declared dividend) and creditors.
- Reviewing the Company's financial and risk management policies.
- The audit committee should have discussions with the auditors periodically about the internal control systems, the scope of audit including the observations of the auditors and review the half yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- The audit committee shall have authority to investigate into any matter in relation to the items specified in this section or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- To review internal audit programme, to ensure co-ordination between the internal and statutory auditors, to ensure the internal audit function is adequately resourced and has appropriate standing within the company and to request internal audit to undertake specific audit projects, having informed management of their intentions.

Review of Cost Audit Report.

- Reviewing any other areas which may be specified as role of the audit committee under amendments, if any, from time to time, to the Listing Agreement, Companies Act and other statutes.
- Considering such other matters as may be required by the Board.
- The Audit Committee mandatorily reviews the following information:
 1. Management discussion and analysis of financial condition and results of operations;
 2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
 3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 4. Internal audit reports relating to internal control weakness; and
 5. The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee.

b) Composition & Attendance of members of the Committee

The constitution of the Audit Committee during the year was as under:-

Sr. No.	Name of Director	Category of Directorship	Committee Position Held	No. of meetings held	No. of meetings attended
1.	Shri Mahendra A. Jindal (upto 26.04.2010)	Independent Director	Chairman	0	0
2.	Shri Champaklal M. Shah (upto 28.05.2010)	Independent Director	Member	1	1
3.	Shri Shashikant N. Thakar (Chairman w.e.f. 28.05.2010)	Independent Director	Member/ Chairman	4	4
4.	Shri Rajendra Patawari (w.e.f. 26.04.2010)	Independent Director	Member	4	4
5.	Shri Bhasker Bhatt (w.e.f. 28.05.2010)	Independent Director	Member	3	2

All the members of the Audit Committee have financial expertise and knowledge. The Company Secretary, Smt. Runel Rathi acts as the Secretary to the Committee. At the invitation of the committee, the Internal Auditors, Statutory Auditors, Head of Finance Department attend the Audit Committee Meetings to answer and clarify the queries raised by the Committee.

c) Audit Committee Meetings:

During the year under review, four meetings of Audit Committee were held on 28th May, 2010; 12th August, 2010; 3rd November, 2010 and 20th January, 2011, to consider, discuss and review the quarterly results, annual accounts and other financial matters to be placed before the Board for their approval.

Terms of Reference:

- To appraise the performance of Managing and Executive Director, Senior Management and
- To determine and recommend to the Board, compensation payable to Managing and Executive Directors, Senior Management.

Remuneration policy

The remuneration paid to the Directors of the Company is approved by the Board of Directors on the recommendations of the Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements.

(B) Remuneration & Compensation Committee:

The Remuneration Committee determines on behalf of the Board and shareholders as per agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors/senior management.

a) Constitution:

During the year under review, two meetings of the remuneration committee were held on 28th May, 2010 and 28th August, 2010, which were duly attended by all the members of the Committee

b) Composition of the Remuneration Committee:

The Remuneration Committee consists of 3 Independent Directors as on 31.03.2011:-

Sr. No.	Name of Director	Category of Directorship	Committee Position Held	No. of Meetings held	No. of Meetings attended
1.	Shri Champaklal Shah (upto 28.05.2010)	Independent Director	Chairman	1	1
2.	Shri Bhasker Bhatt	Independent Director	Member	2	2
3.	Shri Rajendra Patawari	Independent Director	Member	2	2
4.	Shri Kantibhai Patel (w.e.f. 12.08.2010)	Independent Director	Chairman	1	1

c) Details of Remuneration paid to the Directors:

(Rs. In Lacs)

Name	Designation	Particulars					
		Salary	Contribution To Provident Fund	Perquisites	TOTAL	Service Contract	Period of Contract
Ajay Goenka	Chairman & Managing Director	76.00	0.09	1.69	77.78	5 years	21.08.08 to 20.08.13
Radheshyam Goenka (upto 28.05.2010)	Executive Director	0.96	0.02	-	0.98	5 years	21.08.08* to 20.08.13
Sangeeta Goenka (upto 28.05.2010)	Executive Director	0.68	0.01	-	0.69	5 years	15.11.08* to 14.11.13
Manish Bagadia (w.e.f. 01.09.2010)	Executive Director	17.49	0.05	-	17.54	3 years	01.09.10 to 30.08.13
Total	-	95.13	0.17	1.69	96.99	-	-

* Shri Radheshyam Goenka and Smt. Sangeeta Goenka have resigned as Directors w.e.f. 28.05.2010. Shri Manish Bagadia has been appointed as an Executive Director with effect from 01.09.2010.

(d) Sitting fees paid to the Directors:

During the year, the Company has paid the sitting fees to Independent Directors as under:

Sr.No.	Name of Director	Designation	Sitting Fees paid (Rs.)	No of Board Meetings attended
1	Shri Rajendra Patawari	Independent Director	Rs. 15,000/-	6
2	Shri Shashikant Thakar	Independent Director	Rs. 12,500/-	5
3	Shri Bhasker Bhatt	Independent Director	Rs. 12,500/-	5
4	Shri Kantibhai Patel	Independent Director	Rs. 10,000/-	4

(C) Shareholders/Investors Grievance Committee:

a) Composition & Attendance at Meeting:

During the year under review, five meetings of Committee were held on, 5th June, 2010, 21st June, 2010, 30th July, 2010, 10th November, 2010 and 17th March, 2011 respectively.

The members of the Shareholders / Investors Grievance Committee during the year are as under:

Sr. No.	Name of Director	Category of Directorship	Committee Position Held	No. of meetings held	No. of meetings attended
1.	Shri Mahendra A. Jindal (upto 26.04.2010)	Independent Director	Chairman	0	0
2.	Shri Ajay R. Goenka	Independent Director	Member	5	5
3.	Smt. Sangeeta A. Goenka (upto 28.05.2010)	Independent Director	Member	0	0
4.	Shri Bhasker G. Bhatt (w.e.f. 28.05.2010)	Independent Director	Member	5	5
5.	Shri Shashikant N. Thakar (from 28.05.2010 to 12.08.2010)	Independent Director	Member	3	3
4.	Shri Manish Bagadia (w.e.f. 01.09.2010)	Independent Director	Member	2	2

b) Terms of Reference of the Committee:

The functioning and broad terms of reference of the Investors' Grievances Committee as adopted by the Board are as under:

- a. To monitor work related to:
 - Transfer and / or transmission of equity shares of the Company.
 - Dematerialization / rematerialisation of the shares of the Company.
 - Sub-division, consolidation and/or replacement of any share certificate(s) of the Company.
- b. Approval of issue of duplicate share certificates against the original share certificates.

- c. To look into the redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, review of dematerialization, rematerialisation, shareholding pattern, distribution schedule etc.
- d. To do all other acts or deeds as may be necessary or incidental thereto.

The main object of the Committee is to strengthen investor relations.

The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to specifically, look into the redressal of the shareholders and investors complaints and report the same to the Investors' Grievances Committee.

c) Number of Complaints:

During the year under review, the complaints received are as under:-

Opening Balance as on 01.04.2010	Nil
Complaints received during the year	9
Total	9
Complaints Redressed during the year	9
Closing Balance as on 31.03.2011	Nil

4. General Body Meetings

(i) Details of General Meetings:

The details about the location and time of the Annual General Meeting (AGM) and Extra Ordinary General Meeting (EOGM) in the last three years are as under:-

Year	AGM/EOGM	Location	Date	Time
2007-08	22nd AGM	8th Floor, Avdhesh House, Thaltej, Ahmedabad – 380 054	22nd September, 2008	3.00 p.m.
2008-09	23rd AGM	8th Floor, Avdhesh House, Thaltej, Ahmedabad – 380 054	23rd September, 2009	3.00 p.m.
2009-10	24th AGM	8th Floor, Avdhesh House, Thaltej, Ahmedabad – 380 054	8th July, 2010	10.30 a.m
2008-09	EOGM	8th Floor, Avdhesh House, Thaltej, Ahmedabad – 380 054	23rd November, 2009	3.00 p.m.

(ii) Special Resolution passed in AGM/EOGM in the last three years:

All the following special resolutions, set out in the respective Notices for AGMs and EOGMs held in the last three years, were passed by the Shareholders with requisite majority:

Date of Meeting	AGM/EOGM	Section(s)	Particulars of Special Resolution
23/11/2009	EOGM	81 (1A)	Further issue and allotment of Equity Shares/Warrants and/or any instruments convertible into Equity Shares whether optionally or otherwise, Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) or Foreign Currency Convertible Bonds (FCCB)
		149(2A)	Commencement of the business activities specified in Sub-clause no. (9) and (11) of Clause III (C) [Other objects] of the Memorandum of Association of the Company.
08/07/2010	AGM	198, 309, 310	Increase in remuneration of Shri Ajay Goenka, Chairman and Managing Director of the Company.
		314 (1)(b)	Appointment of Mrs. Niyati Agarwal, as Senior Vice President, a relative of Shri Ajay Goenka, Chairman & Managing Director of the Company, with effect from 1st April, 2010.

Date of Meeting	AGM/ EOGM	Section(s)	Particulars of Special Resolution
		314, 314 [1b]	Increase in remuneration of Ms. Niyati Agarwal, Senior Vice President with effect from 16th July, 2010.
		314 (1)(b)	To appoint Mrs. Sangeeta Goenka, as Senior Vice President, a relative of Shri Ajay Goenka, Chairman & Managing Director of the Company, w.e.f. 29th May, 2010.
		314, 314 [1b]	To increase the remuneration of Mrs. Sangeeta Goenka, Senior Vice President w.e.f. 16th July, 2010.
		81 (1A)	Approving issuance and allotment of Equity Shares/Warrants and/or any instruments convertible into Equity Shares whether optionally or otherwise, Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) or Foreign Currency Convertible Bonds (FCCB) (hereinafter referred to as 'Securities') for an aggregate sum of Rs. 750 Crores.
		149(2A)	Commencement of the business activities specified in Sub-clause no. (7) of Clause III (C) [Other objects] of the Memorandum of Association

Note:

Special resolutions were passed in the AGM held on 22nd September, 2008 & 23rd September, 2009.

(iii) Postal Ballot:

During the year under review, no Special Resolution was passed through postal ballot.

5. Secretarial Audit Reports:

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. The Audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held by NSDL and CDSL) and total number of shares in physical form.

The Quarterly Secretarial Audit Reports were furnished to the Stock Exchanges on the following dates:

For the quarter ended	Furnished on
30th June, 2010	5th August, 2010
30th September, 2010	29th October, 2010
31st December, 2010	20th January, 2011
31st March, 2011	25th April, 2011

6. Disclosures:

- (a) There are no significant Related Party Transactions during the year of material nature, with its promoters, the directors or the management or their subsidiaries or relatives etc. potentially conflicting with Company's interest at large. Related Party transactions are disclosed in the notes to Accounts forming part of this Annual Report.
- (b) There were no instances of non-compliance on any matter relating to the capital market during the last three years
- (c) The Company has complied with all mandatory requirements of the Clause 49 of the Listing Agreement. As regards the non-Mandatory requirements, the extent of compliance has been stated in Part B of this report.
- (d) A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board forms part of the Annual Report.
- (e) Presently, the Company does not have whistle blower policy.
- (f) **Compliance on Accounting Standards**
The Guidelines/Accounting Standards laid down by the Institute of Chartered Accounts of India (ICAI) are duly complied by the company in preparation of financial statements.
- (g) **Risk Management:**
The Company has established risk assessment and minimization procedures, which are reviewed by the Audit Committee and the Board periodically. There is a structure in place to identify and mitigate various identifiable risks faced by the company from time to time. After assessment, controls are put in place with specific responsibility of the concerned officer of the Company.
- (h) **Capital Issues:**
The company has not made any Capital Issue during the year under review.

- (i) **Code for Prevention of Insider – Trading Practices:**

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its management and staff. The code lays down procedures to be followed and disclosures to be made, while dealing with share of the company and cautioning them of the consequences of violation.

- (j) **Subsidiary Company:**

The company does not have any subsidiaries.

- (k) **Details of Non-Compliance by the Company:**

There has been neither any non-compliance nor any penalty imposed on the company by Stock Exchange(s) or SEBI or any Statutory Authority and nor for any other matter related to capital markets, during the last three years.

7. CEO Certification:

A certificate from the Chief Executive Officer (CEO) on financial statements is issued pursuant to the provisions of Clause 49 of the Listing Agreement and is annexed to the Corporate Governance Report and forms part of the Annual Report.

8. Means of Communication:

- (a) **Financial Results:** The Board of Directors of the Company approves and takes on record the Un-Audited Quarterly Results and Audited Annual Results in the Proforma prescribed by the Stock Exchange and announces forthwith the results to all the Stock Exchanges where the equity shares of the company are listed. The approved financial results are faxed immediately after the Board Meeting to the Stock Exchanges and are published normally in leading daily newspapers in English and local language i.e. Gujarati. The financial results are also placed on the company's website www.rainbowpapers.com.

During the year under review, the Quarterly Results of the Company are published in "Economic Times" (Ahmedabad, Mumbai & Delhi edition) and "Business Standard" (all editions).

- (b) Management Discussion and Analysis Report which forms part of the Directors' Report, is also being posted to all the members of the company.
- (c) **News Releases, Presentations etc.:**
Official news releases, detailed presentations made to media, analysts, institutional investors etc. are displayed on the Company's website www.rainbowpapers.com. Official Media Releases are sent to the Stock Exchanges.
- (d) **Website:**
The Company's website www.rainbowpapers.com contains a separate dedicated section "Investor Relations" where investors' information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- (e) **Reminder to Investors:**
Reminders for unpaid dividend are sent to the shareholders as per records.
- (f) Date of announcement of Quarterly Results:

Quarter	Date of Announcement in Board Meeting (F.Y.2010-2011)	Tentative Dates of Board Meeting for (F.Y.2011-2012)
1st Quarter Results	12th August, 2010	Mid of August, 2011
2nd Quarter Results	3rd November, 2010	Mid of November, 2011
3rd Quarter Results	20th January, 2011	Mid of February, 2012
4th Quarter Results	N.A.	Last week of May, 2012

9. Additional Information for Shareholders:

- i] **Annual General Meeting:**
The details of the 25th Annual General Meeting to be held is as under:-
- Date : 27th September, 2011
- Day : Tuesday
- Time : 11.00 A.M.
- Venue : Ahmedabad Textiles Mills Association (ATMA) Hall,
Ashram Road,
Ahmedabad –380 009
- September, 2011 to 27th September, 2011 (both days inclusive).
- ii] **Financial Calendar:**
Financial Year: Ending on 31st March
- iii] **Book Closure Date:**
The Shares Transfer books and Register of Members will remain closed from 21st
- iv] **Dividend Payment Date:**
The Dividend for the year ended 31st March, 2011 will be paid to the members whose names will appear on the Register of Members of the Company on 21st September, 2011, after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 20th September, 2011, at the end of business hours and in respect of shares held in demat form, the members whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 20th September, 2011. Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting i.e. 27th September, 2011.

v] Listing on Stock Exchanges:

- (A) Equity Shares :
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Tower, Dalal Street,
Mumbai – 400 001.
- (B) Global Depository Receipts (GDRs) :
Luxembourg Stock Exchange
Societe de la Bourse de Luxembourg,
11, av de la Porte-Neuve
L-2227 Luxembourg.
- National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

- va] Overseas Depository for GDRs : The Bank of New York Mellon (Luxembourg), S.A.
Vertigo Building – Polaris,
2-4 rue Eugène Ruppert,
L-2453 Luxembourg.
Tel: (+ 352) 24 525 320
- vb] Domestic Custodian of GDRs : DBS Bank Limited
Securities Services, 5th Floor,
Fort House, 221, Dr. D.N. Road
Mumbai – 400 001, India.
Tel: (022) 66 388 888

vi] Stock Code

(A)	Equity Shares	
	Bombay Stock Exchange Limited – Stock Code	523523
	National Stock Exchange of India Limited – Stock Symbol	RAINBOWPAP
	ISIN No. for Equity Shares	INE028D01025
(B)	Global Depository Receipts (GDRs)	
	Luxembourg Stock Exchange – Stock Code	Us7508461073
	ISIN No. for GDRs	Us7508461073

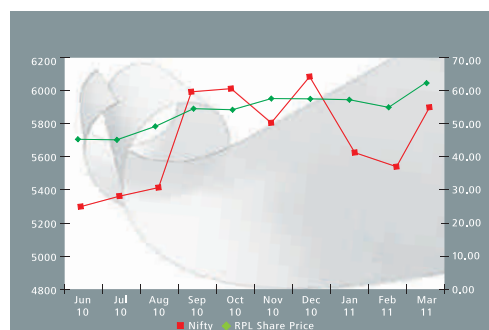
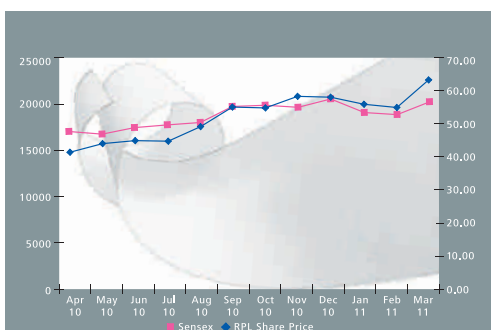
vii] Share Prices Data:

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	Price High (In Rs.)	Price Low (In Rs.)	Volume (No. of Shares)	Price High (In Rs.)	Price Low (In Rs.)	Volume (No. of Shares)
Apr-10	214.00	145.50	1228900	-	-	-
May-10	245.00	191.00	1731259	-	-	-
Jun-10	226.70	208.50	561863	227.80	200.00	414035
Jul-10	231.90	211.10	658196	228.00	209.00	612780
Aug-10	239.00	45.10	5868285	240.00	43.50	3284978
Sep-10	57.40	47.40	3236475	60.00	46.60	3260699
Oct-10	58.00	52.10	3500002	58.85	52.00	2511659
Nov-10	65.10	55.30	3414268	65.20	55.05	2669004
Dec-10	62.70	52.50	3453501	65.00	52.50	2925080
Jan-11	60.05	54.00	1722348	61.50	54.00	2246333
Feb-11	55.65	51.00	2992285	55.80	51.25	1286205
Mar-11	68.00	51.10	1599943	68.00	51.00	1636093

* share price data is obtained from the websites of the respective stock exchanges.

* Listing with NSE w.e.f. 2nd June, 2011.

The Equity share of the Company had been sub-divided into face value of Rs. 2/- each from the face value of Rs. 10/- each w.e.f. 12th August, 2010.



SENSEX and RPL shares prices are based on month end closing rates.

viii] Registrar and Share Transfer Agents:

Entire Share Transfer work and dematerialization/rematerialization work is handled by Registrar & Share Transfer Agents M/s. Sharepro Services (India) Private Limited, Ahmedabad.

a] Share Transfer System:

Requests for transfer of shares in physical form received either at the office of the Company or at the office of the Registrar are generally approved by the Share Transfer cum Investor Grievance Committee within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects.

Transfers of shares in dematerialized form are duly processed by NSDL / CDSL in electronic form through the respective Depository Participants. Dematerialization is done within 20 days of receipt of request along with the share certificates through the Depository Participant of the shareholder.

The Share Transfer cum Investor Grievance Committee generally meets once in a fortnight for approving share transfers. A summary of the transfer, transmissions, de-materialization, re-materialization requests is placed before the Committee at every meeting. The Company obtains half-yearly certificate from a Company Secretary in Practice on compliance regarding share transfer formalities and submits a copy

thereof to the Stock Exchanges in terms of Clause 47 (c) of the Listing Agreement. The Company also obtains quarterly Secretarial Audit Report from a Company Secretary in Practice for reconciliation of the share capital of the Company and submits a copy thereof to the Stock Exchanges within stipulated time.

b] Dividend:

(i) Unclaimed dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will accordingly be required to transfer in the year 2011 the dividend for the year ended March 31, 2004 which have remained unclaimed / unpaid.

Year		Amount(Rs.)
a.	For the year 2003-04	Rs. 73,670.00
b.	For the year 2004-05	Rs. 2,18,338.60
c.	For the year 2005-06	Rs. 1,51,944.00
d.	For the year 2006-07	Rs. 1,52,172.80
e.	For the year 2007-08	Rs. 2,02,596.80
f.	For the year 2008-09	Rs. 2,44,112.00
g.	For the year 2009-10	Rs. 1,99,672.00

(ii) **Transfer of unpaid / unclaimed amounts to Investor Education and Protection Fund**

During the year under review, the Company has credited a sum of Rs. 87,231/-, lying in the unpaid / unclaimed dividend account for the year financial year 2002-03, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

c] Correspondence regarding Change of Address etc.

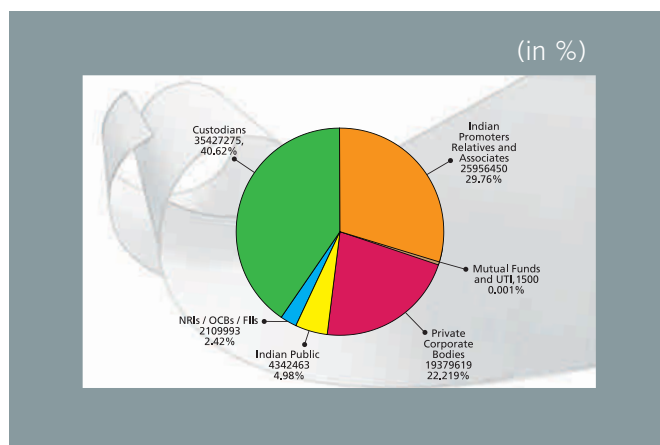
Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates etc. should be signed by the first named shareholder. Shareholders who hold shares in dematerialized form should correspondence with the Depository participant with whom they have opened Demat Account/s.

ix] Distribution of Holdings as on 31st March, 2011:

Category	As on 31st March, 2011			
	No. of Shareholders		No. of Shares	
	Total	%	Total	%
1- 500	3387	82.81	1340223	1.537
501- 1000	343	8.39	325238	0.373
1001- 2000	144	3.52	232173	0.266
2001- 3000	81	1.98	208573	0.239
3001- 4000	21	0.51	76487	0.088
4001- 5000	28	0.69	137870	0.158
5001- 10000	25	0.61	196014	0.225
10001- and above	61	1.49	84700722	97.115
TOTAL	4090	100.00	87217300	100.00

x] **Shareholding Pattern of the Company as on 31st March, 2011**

Category		No of Shares held	% of Share Holding
1)	Promoters Holding:		
	i. Indian Promoters relatives & associates (including Body Corporates)	25956450	29.76
	ii Foreign Promoters :	—	—
	Sub Total (A)	25956450	29.76
2)	Non Promoters Holding:		
	i. Mutual Funds and UTI	1500	—
	ii. Banks & Financial Institutions	0.00	—
	Sub Total (B)	1500	0.00
3)	Others		
	i. Private Corporate Bodies	19379619	22.22
	ii. Indian Public	4342463	4.98
	iii. NRIs/OCBs/FIIs	2109993	2.42
	Sub Total (C)	25832075	29.62
4)	Shares held by Custodians and against which Depository Receipts have been issued (GDRs)	35427275	40.62
	Sub Total (D)	35427275	40.62
	Grand Total (A+B+C+D)	87217300	100.00



Shareholding pattern of the Company as 31st March, 2011

xi) Dematerializations of shares and liquidity:

As on 31st March, 2011, 98.71% of the total Equity Shares are held in dematerialized form with National Securities Depository Ltd (NSDL) and Central Depository Services (India)Limited (CDSL). The details of which is as under:-

Mode of Holding	No. of Shares	% of Holding
DEMAT	86095395	98.71
PHYSICAL	1121905	1.29
TOTAL	87217300	100.00

xii) Outstanding Global Depository Receipts (GDRs):

Outstanding GDRs for conversion into Equity Shares as on 31st March, 2011 are 3,54,27,275 amounting to 40.62% of outstanding paid-up Capital of the Company. Each GDR represents one underlying Equity Share.

xiii) Plant Locations

Paper & Board Division
1453, VILLAGE RAJPUR,
TAL: KADI,
DIST. MEHSANA
NORTH GUJARAT

Coating Division
1423, VILLAGE RAJPUR,
TAL: KADI,
DIST. MEHSANA
NORTH GUJARAT

xiv) Address for correspondence

a) Company
Ms. Runel Rathi - Company Secretary
Rainbow Papers Limited
801, Avdhesh House,
Opp. Shri Govind Gurudwara,
Sarkhej-Gandhinagar Highway,
Thaltej, Ahmedabad-380 054
Phone Nos: [079] 26855714, 26855716,
Fax No.: [079] 26855712,
email: secretarial@rainbowpapers.com
Website: www.rainbowpapers.com

b) Registrar & Share Transfer Agents
Sharepro Services (India) Private Limited
416-420, Devnandan Mall,
Opp. Sanyas Ashram,
Ellisbridge,
Ahmedabad - 380 006.
Telephone Nos. (079) 26582381-84
Fax No.: (079) 26582385
E-mail : sharepro@shareproservices.com

For on and behalf of Board of Directors

Place : Ahmedabad
Date : 7th May, 2011

(Ajay R. Goenka)
Chairman & Managing Director

Certificate by Chief Executive Officer (CEO)

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2011 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We further confirm that :
 - (i) there were no significant changes in internal control over financial reporting during the year;
 - (ii) there were no significant changes in accounting policies during the year and
 - (iii) there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of Board of Directors

Place : Ahmedabad
Date : 7th May, 2011

(Ajay R. Goenka)
Managing Director (CEO)

**Auditors' Certificate on compliance with the conditions of Corporate Governance
under Clause 49 of the Listing Agreement.**

To
The members
Rainbow Papers Ltd.

We have reviewed the compliance of Corporate Governance by Rainbow Papers Ltd. ("the Company") during the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchange.

The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance 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.

**For Talati and Talati
Chartered Accountants
Firm Reg No: 110758W**

Place : Ahmedabad
Date : 7th May, 2011

**Anand Sharma
Partner
Membership No: 129033**

AUDITORS' REPORT

To
The Members of Rainbow Papers Limited,
Ahmedabad.

1. We have audited the attached Balance Sheet of RAINBOW PAPERS LIMITED as at 31st March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendments) Order 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For Talati and Talati
Chartered Accountants
Firm Reg No: 110758W

Anand Sharma
Partner
Membership No: 129033

Place : Ahmedabad
Date : May 7th 2011

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph (3) of our Report of even date)

- i) a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The Company has a phased program of physical verification of its fixed assets, which in our opinion, is reasonable, having regard to the size of the Company and nature of its business. During the year, the company has physically verified some of the assets and no material discrepancies were noticed on such verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and hence the going concern status of the Company is not affected.
- ii) a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of the Company, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii) a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms & other parties listed in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) (b), (c) & (d) of the Order are not applicable.
- e. According to information and explanation given to us, the Company has not taken any Loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956. Consequently, clause 4 (iii) (f) and (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- v) In our opinion and according to the information and explanations given to us, there were no transactions exceeding Rs. 5 Lacs with any party covered under section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under the said section. Hence clause 4 (v) (b) of the Order is not applicable.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.
- vii) The Company has appointed a firm of Chartered Accountants as its Internal Auditor for the year under audit. The internal audit for the year is therefore carried out by the said firm. In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the product of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed verification of the records with a view to determine whether they are accurate or complete.
- ix) a. According to the information & explanations given to us, undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable.

- b. According to the information and explanations given & the records of the Company examined by us, the details of disputed dues not paid are as follows:

Name of the Statute	Nature of Dues	Forum where pending	Total Amount	Amount paid under protest	Period to which it relates
Revenue Dept, Gujarat State	Additional premium on Land	Gujarat Revenue Tribunal, Ahmedabad **	37.56 Lacs + Interest	18.78 lacs	2003

** The Tribunal has cancelled the order regarding additional premium on Land and the matter is again referred to The Collectors, Mehsana for re-valuation of premium amount.

- x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks. The company does not have any debentures.
- xii) In our opinion and according to the explanations given to us, the Company has not granted any loans against security by way of pledge of shares, debentures and other securities. Therefore the provisions of this clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Order is not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans, taken by others, from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the Term Loans availed by the Company during the year were prima facie applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have prime facie not been used for long term investment.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956. (Refer Note No. 9 of schedule 18 B)
- xix) During the year covered by our audit report, the Company has not issued any debentures. Accordingly, the provision of clause (xix) of the Order are not applicable to the Company.
- xx) The Company has not raised money through public issue during the year. However, we have verified the end use of money initially raised through GDR issue. The same is disclosed in the notes to the Financial Statements (Refer Note No. 10 of Schedule 18 B).
- xxi) Based on the audit procedures performed and representation obtained from management we report that, no case of fraud on or by the Company has been noticed or reported for the year under audit.

For Talati and Talati
Chartered Accountants
Firm Reg No: 110758W

Anand Sharma
Partner
Membership No: 129033

Place : Ahmedabad
Date : May 7th 2011

BALANCE SHEET

	SCHEDULE	AS AT 31-Mar-11 (Rs. in Lacs)	AS AT 31-Mar-10 (Rs. in Lacs)
I. SOURCES OF FUNDS :			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	1,744.35	1,744.35
(b) Share Application Money Pending Allotment (Refer Note No 9 of Schedule 18 B)		3,015.00	-
(c) Reserves and Surplus	2	23,741.78	20,437.09
		28,501.13	22,181.44
2. LOAN FUNDS			
(a) Secured Loans	3	41,738.05	28,305.16
(b) Unsecured Loans	4	-	5,272.12
		41,738.05	33,577.28
3. DEFERRED TAX LIABILITY (NET) (Refer Note No 14 of Schedule 18 B)		2,081.11	1,421.02
TOTAL :		72,320.29	57,179.74
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS	5		
(a) Gross Block		42,186.64	41,869.32
(b) Less : Depreciation		12,810.14	10,468.19
(c) Net Block		29,376.50	31,401.13
(d) Capital Work-in-Progress (Refer Note No 3 of Schedule 18 B)		29,079.28	11,203.36
		58,455.78	42,604.49
2. INVESTMENTS	6	-	2.14
3. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	4,959.92	3,366.41
(b) Sundry Debtors	8	4,879.35	3,943.82
(c) Cash and Bank Balances	9	7,654.20	12,155.95
(d) Loans and Advances	10	5,141.47	3,324.77
		22,634.94	22,790.95
Less : CURRENT LIABILITIES AND PROVISIONS	11		
(a) Current Liabilities		6,978.71	6,617.84
(b) Provisions		1,791.72	1,600.00
		8,770.43	8,217.84
NET CURRENT ASSETS		13,864.51	14,573.11
TOTAL :		72,320.29	57,179.74
Notes on the Balance Sheet and Profit & Loss Account	18		

Schedules referred to above and notes attached there to form an integral part of the Balance Sheet

As per our separate report of even date attached.

For Talati & Talati
Chartered Accountants
(Firm Reg No: 110758W)

Anand Sharma
Partner
Mem. No. 129033

Place : Ahmedabad
Date : May 7, 2011

Runel Rathi
Company Secretary

For and on behalf of the Board of Directors

Ajay Goenka
Manish Bagadia
Rajendra Patawari
Shashikant Thakar
Kantibhai Patel
Bhasker Bhatt

Managing Director
Executive Director
Director
Director
Director
Director

Place : Ahmedabad
Date : May 7, 2011

PROFIT & LOSS ACCOUNT

	SCHEDULE	For the Year ended	
		31-Mar-11 (Rs. in Lacs)	31-Mar-10 (Rs. in Lacs)
I. INCOME :			
Sales and Services	12	39,054.90	26,893.08
Less : Inter Division Transfer		780.13	1,020.42
Less : Excise Duty		753.76	851.27
Net Sales and Services		37,521.01	25,021.39
Trading Sales		251.52	1,645.33
Operating Income	13A	946.74	146.97
Other Income	13B	2.92	411.50
Increase/(Decrease) in Inventories	14	140.53	155.90
TOTAL INCOME		38,862.72	27,381.09
II. EXPENDITURE :			
Trading Purchases		236.42	1,428.28
Raw Materials Consumed	15	18,810.39	12,818.74
Less : Inter Division Transfer		780.13	1,020.42
		18,030.26	11,798.32
Manufacturing , Administrative and Selling Expenses	16	11,680.31	7,310.50
Interest & Financial Charges (Net)	17	1,585.29	1,327.22
Depreciation		2,780.46	2,402.97
TOTAL EXPENDITURE		34,312.74	24,267.29
III. PROFIT BEFORE TAX :		4,549.98	3,113.80
Less : Provision for Taxation			
- Current Tax		929.47	527.57
- MAT Credit Entitlement		(755.51)	(185.63)
- Deferred Tax		660.09	413.17
- Wealth Tax		0.04	0.03
IV. PROFIT AFTER TAX :		3,715.89	2,358.66
Excess/(Short) Provisions of earlier years		(4.63)	13.57
Prior Period Adjustments		(1.10)	(9.30)
V. SURPLUS AVAILABLE :		3,710.16	2,362.93
Balance brought forward		6,339.40	4,583.28
VI. BALANCE AVAILABLE FOR APPROPRIATION:		10,049.56	6,946.21
APPROPRIATIONS			
Proposed Dividend		348.87	348.87
Tax on Dividend		56.60	57.94
Transfer to General Reserve		300.00	200.00
BALANCE CARRIED TO BALANCE SHEET		9,344.09	6,339.40
Earning per share - Basic / Diluted (Face value Rs.2 per share) (Refer note no. 17 of Schedule 18 B)		4.25	5.27 (Restated)
Notes on the Balance Sheet and Profit & Loss Account	18		
Schedules referred to above and notes attached there to form an integral part of the Profit and Loss Account			

As per our separate report of even date attached.

For Talati & Talati
Chartered Accountants
(Firm Reg No: 110758W)

Runel Rathi
Company Secretary

Anand Sharma
Partner
Mem. No. 129033

Place : Ahmedabad
Date : May 7, 2011

For and on behalf of the Board of Directors

Ajay Goenka	Managing Director
Manish Bagadia	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Bhasker Bhatt	Director

Place : Ahmedabad
Date : May 7, 2011

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31-Mar-11 (Rs. in Lacs)	AS AT 31-Mar-10 (Rs. in Lacs)
SCHEDULE - 1 : SHARE CAPITAL		
Authorised : 17,50,00,000 Equity Shares of Rs.2/- each (PY 3,50,00,000 Equity Shares of Rs.10/- each)	3,500.00	3,500.00
Issued, Subscribed & paid up : 8,72,17,300 Equity Shares of Rs. 2/- each fully paid (PY 1,74,43,460 Equity Shares of Rs. 10/- each fully paid)	1,744.35	1,744.35
Out of the above 5,11,77,275 of Rs. 2 each (PY 1,02,35,455 Equity Shares of Rs. 10 each) fully paid up represent Global Depository Receipts (GDRs) Outstanding GDRs for conversion into Equity Shares are 3,54,27,275 (PY 4,89,27,275)	1,744.35	1,744.35
SCHEDULE - 2 : RESERVES & SURPLUS		
1 Capital Reserve Balance as per last account	30.19	30.19
2 Securities Premium Balance as per last account Add: Premium on GDRs	12,555.20 -	1,651.82 11,361.35
Less: GDR Issue Expenses	-	457.97
	12,555.20	13,013.17
	12,555.20	12,555.20
3 Forfeiture of Warrants Balance as per last account	27.43	27.43
4 General Reserve Balance as per last account Add : Transferred from Subsidy Reserve Add : Appropriation during the year	1,407.60 77.27 300.00	1,207.60 - 200.00
	1,784.87	1,407.60
5 Subsidy Reserve Balance as per last account Less: Transferred to General Reserve	77.27 (77.27)	77.27 -
	-	77.27
6 Profit & Loss Account balance carried forward	9,344.09	6,339.40
	23,741.78	20,437.09

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31-Mar-11 (Rs. in Lacs)	AS AT 31-Mar-10 (Rs. in Lacs)
SCHEDULE - 3 : SECURED LOANS		
Term Loans		
From Banks :		
- Rupee Loan	22,017.67	6,425.83
- Foreign Currency Loan	14,601.26	17,949.85
<p>(Secured by way of 1st Pari passu charges on the entire fixed assets (both present and future to be acquired from the respective term loan). The loan is further secured by collateral security by way of hypothecation and Equitable Mortgage by deposit of title deeds of land, building, plant and machinery of Paper and Board Division and Coating Division situated at village Rajpur, Taluka Kadi, Mehsana and further secured by personal guarantee of Managing Director, Promoter and a Body Corporate.)</p> <p>(repayable within one year-Rs. 10134.64 Lacs, PY-Rs.5224.64 Lacs)</p>		
Cash Credit Facilities :		
From Banks :		
- Rupee Loan	3,958.36	2,763.27
- Foreign Currency Loan	1,141.03	1,153.55
<p>(Secured by way of hypothecation of all current assets of the Company consisting stocks of raw material, finished goods, work in progress, consumables, stores, book debts, receivables and all fixed assets consisting of land, building, plant and machinery of Paper and Coating division situated at Village-Rajpur, Taluka-Kadi, Dist.-Mehsana (Gujarat), both present and future and further secured by personal guarantee of Managing Director, Promoter and a Body Corporate.)</p>		
Vehicle Loans :		
From Banks and Financial Institution :	19.73	12.66
<p>(Secured by Hypothecation of Vehicles and further Personally Guaranteed by Managing Director of the Company)</p> <p>(repayable within one year-Rs. 10.73 Lacs,PY-Rs.6.88 Lacs)</p>		
	41,738.05	28,305.16
SCHEDULE -4 : UNSECURED LOANS		
Corporate Deposits	-	226.00
Loan from Bank	-	5,046.12
	-	5,272.12

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - 5 : FIXED ASSETS

(Rs. in Lacs)

Sr. No.	Particulars	G R O S S B L O C K				D E P R E C I A T I O N F U N D				N E T B L O C K	
		As on 01.04.2010	Additions	Deductions	As on 31.03.2011	Up to 31.3.2010	Provided	Deductions	Up to 31.03.2011	As on 31.03.2011	As on 31.3.2010
1	Land	449.10	126.37	17.27	558.20	-	-	-	-	558.20	449.10
2	Buildings	3,568.85	24.18	-	3,593.03	853.56	252.69	-	1,106.25	2,486.78	2,715.29
3	Plant & Machinery	37,116.34	553.85	496.57	37,173.62	9,067.71	2,482.42	421.17	11,128.96	26,044.66	28,048.63
4	Furniture, Fixtures & Equipment	424.05	14.76	0.47	438.34	303.95	18.29	0.26	321.98	116.36	120.10
5	Vehicles	96.91	26.71	22.67	100.95	54.98	13.84	17.08	51.74	49.21	41.93
6	Computers & Softwares	214.07	13.88	-	227.95	187.99	13.22	-	201.21	26.74	26.08
	TOTAL	41,869.32	759.75	536.98	42,092.09	10,468.19	2,780.46	438.51	12,810.14	29,281.95	31,401.13
7	Salvage Value of Asset Held For Sale				94.55					94.55	-
8	Capital Work In Progress									29,079.28	11,203.36
	GRAND TOTAL	41,869.32	759.75	536.98	42,186.64	10,468.19	2,780.46	438.51	12,810.14	58,455.78	42,604.49
	Previous Year's Figures	21,142.00	20,735.26	7.95	41,869.32	8,071.00	2,402.97	5.79	10,468.19	42,604.49	33,863.98

	AS AT 31-Mar-11 (Rs. in Lacs)	AS AT 31-Mar-10 (Rs. in Lacs)
SCHEDULE - 6 : INVESTMENTS (Non Trade)		
Long Term Investments :		
Equity Shares (Quoted - At Cost) :		
Nil (PY 2499) Equity Shares of Aravali Securities & Finance Ltd.of Rs.10/-each fully paid	-	0.50
Nil (PY 200) Equity Shares of JSW Steel Ltd. of Rs. 10/- each fully paid	-	0.20
Nil (PY 4000) Equity Shares of Madhusudan Industries Ltd. of Rs. 5/- each fully paid	-	1.10
Nil (PY 1000) Equity Shares of Cera Sanitaryware Ltd. of Rs.10/-each fully paid	-	0.28
Nil (PY 200) Equity Shares of Kitply Industries Ltd. of Rs. 10/- each fully paid	-	0.06
(Aggregate market value of Quoted Investments Rs.Nil PY Rs.5.55 Lacs)	-	2.14

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31-Mar-11 (Rs. in Lacs)	AS AT 31-Mar-10 (Rs. in Lacs)
SCHEDULE - 7 : INVENTORIES		
Stores, Spares, Fuels, Packing Materials & Chemicals	2,044.02	1,615.21
Raw Materials :		
- Papers	2,353.55	1,322.36
- Chemicals	35.10	42.12
Finished Goods	242.54	146.38
Work-in-Process	284.71	240.34
(Above inventories taken, valued & certified by the Management)		
	4,959.92	3,366.41
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured, considered good, unless otherwise stated)		
Exceeding six months	57.30	128.31
Others	4,822.05	3,815.51
	4,879.35	3,943.82
SCHEDULE - 9 : CASH AND BANK BALANCES		
Cash on hand	6.68	2.90
Balance with Scheduled Banks :		
- In Collection Accounts	45.07	104.98
- In Current Accounts	506.44	44.37
- In EEFC Accounts	42.86	5.84
- In Dividend Accounts	12.79	16.95
- In Fixed Deposits including interest accrued thereon	800.71	285.45
Deposit with Other Bank :		
- Euram Bank, Austria	6,239.65	11,695.46
- Maximum amount o/s during the year-Rs. 11704.09 Lacs (PY Rs.12384.90 Lacs)		
	7,654.20	12,155.95

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31-Mar-11 (Rs. in Lacs)	AS AT 31-Mar-10 (Rs. in Lacs)
SCHEDULE - 10 : LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received	953.54	772.10
Balance with Excise and Custom Authorities	1,668.17	950.65
Deposits with Government, Semi-Government and others	25.54	39.85
Advance Fringe Benefits Tax	16.30	16.30
Advance Tax and MAT Credit	2,477.92	1,545.87
	5,141.47	3,324.77
SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities :		
(Including Trade Deposits)		
Acceptances	4,538.82	1,450.12
Sundry Creditors		
- Due to Micro, Small & Medium Enterprises	48.23	128.73
- For Capital Goods	345.54	519.00
- For Goods & Expenses	1,858.76	4,070.52
Advances from Customers	174.57	432.52
Unclaimed Dividend *	12.79	16.95
* Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 (Not Due as on 31.03.2011 / 31.03.2010)		
	6,978.71	6,617.84
Provisions :		
For Current Tax	1,254.51	1,080.56
For Fringe Benefit Tax	15.77	15.77
For Wealth Tax	0.56	0.52
For Proposed Dividend	348.87	348.87
For Tax on Dividend	56.60	57.94
For Gratuity, Bonus and Leave Encashment	115.41	96.34
	1,791.72	1,600.00
	8,770.43	8,217.84

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the Year ended	
	31-Mar-11 (Rs. in Lacs)	31-Mar-10 (Rs. in Lacs)
SCHEDULE - 12 : SALES AND SERVICES		
Paper Sales (TDS- Rs Nil PY Rs 4.29 Lacs)	28,053.95	21,237.44
Paper Sales (Export) (including Deemed Exports)	10,487.65	5,391.82
Export Incentive	469.03	239.91
Job Work (TDS - Rs 0.30 Lacs PY Rs 0.46 Lacs)	44.27	23.91
	39,054.90	26,893.08
SCHEDULE - 13 : OTHER INCOME		
A) Operating Income		
Miscellaneous Sales	265.79	142.22
Profit on Sale of Fixed Assets	317.39	1.50
Insurance Claim	363.56	-
Bad Debts Recovered	-	1.75
Rent Received	-	1.50
Total (A)	946.74	146.97
B) Other Income		
Profit on Sale of Investment	2.90	52.37
Dividend Received	0.02	0.08
Exchange Fluctuation (Net)	-	359.05
Total (B)	2.92	411.50
SCHEDULE - 14 : INCREASE /(DECREASE) IN INVENTORIES		
Closing Stock		
Finished Goods	242.54	146.38
Work In Process	284.71	240.34
Total (A)	527.25	386.72
Opening Stock		
Finished Goods	146.38	97.84
Work In Process	240.34	132.98
Total (B)	386.72	230.82
Total (A - B)	140.53	155.90
SCHEDULE - 15 : RAW MATERIALS CONSUMED		
Opening Stock		
Papers	1,322.36	1,964.46
Chemicals	42.12	22.51
	1,364.48	1,986.97
Add : Purchases		
Papers	19,476.76	11,847.87
Chemicals	357.80	348.38
	21,199.04	14,183.22
Less : Closing Stock		
Papers	2,353.55	1,322.36
Chemicals	35.10	42.12
	18,810.39	12,818.74

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the Year ended	
	31-Mar-11 (Rs. in Lacs)	31-Mar-10 (Rs. in Lacs)
SCHEDULE - 16 : MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Payment to and provision for Employees		
(i) Salary, Wages, Bonus and Gratuity	1,021.26	675.13
(ii) Contribution to PF, EPF & ESIC	59.56	49.89
(iii) Staff Welfare	20.15	52.91
	1,100.97	777.93
Stores & Spares Consumed	443.37	301.50
Chemicals Consumed	3,332.60	1,504.44
Power & Fuel	3,217.94	2,393.12
Packing Materials Consumed	680.79	503.34
Paper Pulping, Cutting, Packing and Finishing Expenses	426.55	295.56
Repairs and Maintenance :		
Machinery	94.28	81.98
Building	13.89	13.37
Others	31.26	21.98
	139.43	117.33
Directors' Remuneration	97.49	26.97
Remuneration to Auditors	8.81	5.61
Factory Expenses	96.78	97.77
Insurance	24.55	14.94
Rent, Rates and Taxes	14.64	11.25
Excise Duty Adjustment For Stocks (net)	0.19	1.86
Advertisement, Stationery and Communication	68.52	44.91
Legal, Consultancy and Professional Fees	67.96	60.53
Sales Outward Expenses	1,272.14	681.96
Selling Costs	470.85	377.26
Miscellaneous Expenses	32.05	21.54
Donation	7.30	1.57
Bad Debts	18.18	14.73
Exchange Fluctuation (Net) (Refer note no. 4 of Schedule 18 B)	96.35	-
Travelling & Conveyance	62.85	56.38
	11,680.31	7,310.50
SCHEDULE - 17 : INTEREST & FINANCIAL CHARGES		
Interest paid on		
(a) Term Loans	923.66	838.50
(b) Working Capital Facilities	359.49	314.06
(c) Others	46.60	8.14
	1,329.75	1,160.70
Less: Interest on Margin Money , Deposits and others (TDS Rs.14.65 Lacs, P.Y.Rs. 10.22 Lacs)	(265.32)	(121.67)
Financial Charges	1,064.43	1,039.03
	520.86	288.19
	1,585.29	1,327.22

SCHEDULE – 18 :

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011:

A) SIGNIFICANT ACCOUNTING POLICIES:

1) BASIS OF ACCOUNTING:

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, and the applicable Accounting Standards notified under the Companies(Accounting Standards) Rules,2006. All Incomes and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

2) USE OF ESTIMATES:

The presentation of the Financial Statements, in conformity with the Generally Accepted Accounting policies, require the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3) REVENUE RECOGNITION:

Sales are stated net of rebate, trade discount and inter-divisional transfers. It excludes Central Sales Tax and State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch of the goods.

Export benefits representing Custom Duty Rebate entitlement against exports made under Duty Entitlement Passbook Scheme, Focus Market Scheme and Duty free Import Authorization Scheme are accounted for on accrual basis.

Dividend on Financial Instruments are recognized as and when realized. Interest on deposits is recognized on accrual basis.

4) FIXED ASSETS:

Fixed Assets are stated at cost of acquisition or construction, net of accumulated depreciation, cenvat credit and adjustments arising from exchange rate variations relating to borrowings attributed to fixed assets. Cost includes incidental expenses capitalized from time to time on their due recognition, trial run expenses and interest attributable to the project till the date of commissioning.

Project under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental pre-operative expenses, and attributed interest.

Advances paid towards the acquisition of Fixed Assets are included under the head capital work in progress.

5) DEPRECIATION:

The company has provided depreciation,

- (1) On the additions made on or after 1.4.2009 to Plant & Machinery on "Straight Line Method" on Pro-rata basis in accordance with Section 205 (2)(b), at the rates specified in Schedule XIV of the Companies Act 1956.
- (2) On all other Fixed Assets on "Written Down Value Method" on pro-rata basis in accordance with the Section 205 (2)(a), at the rates specified in Schedule XIV of the Companies Act 1956.

6) BORROWING COST:

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalized up to the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to respective borrowings.

7) INVESTMENTS:

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any. Current Investments are valued at Cost or Net Realizable Value whichever is lower.

8) INVENTORIES:

Raw Materials, Packing Materials, Coal and Furnace Oil are valued at lower of cost or net realizable value after considering the credit of VAT and Cenvat. Stores & Spares are valued at cost. Inventories of Finished Goods and Work in Process are valued at lower of cost or net realizable value. Stock in transit and Stock lying at third party premises are valued at cost. Cost is determined on First-in-first-out basis. The cost of Work-in-process and Finished goods includes the cost of material, labour, manufacturing and other overheads.

9) EXCISE DUTY AND CENVAT CREDIT:

Excise Duty payable on finished goods is accounted for on clearance of goods. CENVAT Credit on Capital Goods and Inputs is accounted for on the date of actual receipt of the same, respectively.

10) FOREIGN CURRENCY TRANSACTIONS:

i) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency of the transaction.

ii) Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate of the date of transaction; and non-monetary items which are carried of fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were denominated.

iii) Exchange Difference:

Exchange difference arising on the settlement of monetary items or on reporting Company's monetary items of rates different from those of which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading:

The premium or discount arising of the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange difference on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

11) EMPLOYEES RETIREMENT BENEFITS:

(a) Short Term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

(b) Long Term

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's Payments to the defined contributions plans are reported as expenses during the period in which the employee perform the services that the payment covers.

Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expense over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit converts and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

12) IMPAIRMENT OF ASSETS:

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amount of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sale.

As per the assessment conducted by the Company at March 31, 2011, there were no indications that the fixed assets have suffered an impairment loss.

13) TAXATION:

A provision for Current Tax has been made at the current tax rate based on assessable income or on the basis of Sec. 115JB of the Income Tax Act, 1961 (Minimum Alternative Tax), whichever is higher.

Deferred Tax resulting from “timing differences that are temporary in nature” between accounting and taxable profit is accounted for, using the tax rates and laws that have been enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the asset will be realised in future.

14) **EARNING PER SHARE:**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity shares outstanding during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

15) **CASH FLOW STATEMENT:**

The Cash Flow Statement is prepared by the “Indirect Method” set out in Accounting Standard 3 on “Cash Flow Statement” and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in Cash Flow Statement consist of cash on hand and demand deposits with banks.

16) **PROVISIONS AND CONTINGENT LIABILITIES:**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimated required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

B) NOTES TO THE FINANCIAL STATEMENTS:

1) Contingent liabilities not provided for:

(Rs in Lacs)

Particulars	31.03.2011	31.03.2010
Bank Guarantee	93.16	194.46
Additional Premium on Land *	18.78	18.78
Liability in respect of additional Stamp Duty on purchase of Land	Not Ascertainable	Not Ascertainable
Export Obligation in respect of Custom Duty on machinery imported under EPCG Scheme	-	2930.22

* The Tribunal has cancelled the order regarding additional premium on Land and the matter is again referred to The Collectors, Mehsana for re-valuation of premium amount.

Further, the Company has received demands from Sales Tax Department for Rs. 1.47 Lacs, which are not acknowledged as debts and company has preferred an appeal to the appropriate authority. The Company has paid the same under protest and shown under the head “Loans & Advances”. Due adjustment will be made on finalisation of the appeal.

2) Estimated amount of contracts, remaining to be executed on capital accounts and not provided for Rs 4422.86 Lacs net of advance (PY Rs. 1536.71 Lacs).

3) Capital Work In Progress comprises:

(Rs in Lacs)

Particulars	31.03.2011	31.03.2010
Building and Plant & Machinery	15256.91	7793.74
Advance for Capital works & Pre-operative Expenses (pending allocation)	13822.37	3409.62
Total	29079.28	11203.36

Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the management.

4) Surplus of Rs. 82.56 Lacs being the impact of foreign exchange fluctuation on account of export / import and Deficit of Rs. 178.91 Lacs being the impact of foreign exchange fluctuation on account of borrowing for working capital and term loan facilities have been recognized in the Profit & Loss Account.

5) The company has opted to follow the option granted by notification no 225(E) dated March 31, 2009 issued by the Ministry of Corporate Affairs relating to limited relaxation in the provision of "Accounting Standard-11" in respect of Foreign Exchange differences on foreign currency loans:

(i) Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

(ii) In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the Profit and Loss account over the balance life of the long-term monetary item, however the period of amortization does not extend beyond March 31, 2011.

Accordingly, Rs. Nil has been deducted (PY Rs 190.48 Lacs was deducted) from / to the cost of the fixed assets.

6) Interest expenses have been shown as net off interest received from trade parties, margin money and fixed deposits.

7) Based on the information/documents/ parties identified by the company and to the extent information available/gathered, information as required to be disclosed as per Micro, Small & Medium Enterprise Development Act, 2006 have been determined as follows:

(Rs in Lacs)

Particulars	2010-11	2009-10
Principal Amount Outstanding	48.23	70.86
Interest Due	0.50	1.29
Amount paid to suppliers beyond respective due dates	-	-
Amount of Interest due payable	-	-
Amount of Interest accrued and remaining unpaid at the end of the year	0.50	1.29

Whatever information the company could identify as above were possible at the year end only, and in view of this according to the company, it could not identify payments beyond due date during the year and to make interest provisions to that extent, due to numerous transactions concluded during the year as per the agreed terms with the suppliers. However the company has made due interest provisions over the requisite year end balances.

- 8) (i) Balances of Unsecured Loans, Creditors, Debtors, Loans & Advances and other parties are subject to their confirmations and reconciliation, due adjustment, if necessary, will be made on receipt thereof. However, the management does not expect any material difference affecting the current years' financial statements.
- (ii) The balance lying with Euram Bank, Austria of GDR issue account has taken on the basis of E- statement of account received through mail.
- 9) The Company has taken approval of the Members at an Extra Ordinary General Meeting held on 20th April, 2011 for issue and allotment of 40,00,000 Equity Shares of Rs 2 each at a premium of Rs 58 per share on preferential basis. The Company has received Share Application Money amounting to Rs 3015 Lacs during the year. The allotment of the said Equity Shares is pending as the approval from the Regulatory Authorities is awaited.
- 10) On 28th January 2010 the Company had issued and allotted 10235455 Global Depository Receipts (GDRs) each representing one Equity Share of nominal value of Rs 10 each at the offer price US \$ 2.64 aggregating to US \$ 27.02 millions equivalent to Rs 12384.90 Lacs. As on 31st March 2011, it represents 5,11,77,275 Equity Shares having face value of Rs 2 each due to subdivision of share. The said GDRs are listed on at Euro MTF Market of Luxemburg Stock Exchange and the funds raised have been and are being utilized to finance the Expansion Plan and balance funds pending utilization have been placed as deposit with the Euram Bank.

(Rs in Lacs)

Particulars	Amount
Money Raised	12384.90
Income earned on Unutilised Money	105.81
Total	12490.71
Amount Utilised for Expansion Projects and Working Capital Requirements	6251.06
Amount Unutilised	6239.65

- 11) Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, the Company operates mainly in manufacturing and processing of Paper products and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment as far as Primary Segment is concerned.

Information about Secondary Geographical Segments:

(Rs in Lacs)

Particulars	2010-11	2009-10
Revenue by Geographical Segment		
India	27906.03	21749.36
Outside India	10956.69	5631.73
Addition to Fixed Assets and Intangible Assets		
India	759.75	20735.26
Outside India	-	-
Carrying amount of Fixed Assets		
India	58455.78	42604.49
Outside India	-	-

Notes:

- 1) Geographical Segments considered for disclosures are as follows :
 - Sales within India includes Sales to Customers located within India.
 - Sales Outside India includes Sales to Customers located outside India and Export Incentives
- 2) Revenue comprises

Particulars	(Rs in Lacs)	
	2010-11	2009-10
Sales	37772.53	26666.72
Other income	1090.19	714.37

12) Auditor's Remuneration:

Particulars	(Rs in Lacs)	
	2010-11	2009-10
As Auditor	7.00	3.50
For Tax Audit	0.80	1.50
For Other Services	1.01	0.61
Total	8.81	5.61

13) (i) Managerial Remuneration:

Particulars	(Rs in Lacs)	
	2010-11	2009-10
Salary	95.13	24.86
Contribution to Provident Fund	0.17	0.38
Perquisites	1.69	1.73
Sitting Fees for Independent Directors	0.50	-
Total	97.49	26.97

- (ii) The Remuneration to Managing Directors of the Company has been paid as agreed to, which is lower than the permissible minimum remuneration as provided in Schedule XIII of the Companies Act, 1956. As such, computation of net profits under Section 349 of the Companies Act, 1956 has not been given.
- (iii) The above excludes provision for gratuity and leave encashment, since these are based on actuarial valuation done on an overall company basis.

14) Deferred Tax Liability:

Major components of Deferred Tax Assets & Deferred Tax Liabilities:

	31.03.2011		31.03.2010	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Timing Difference on Account of				
Depreciation	-	2105.47	-	1441.72
Others	24.36	-	20.70	-
Total	24.36	2105.47	20.70	1441.72
Net Deferred Tax Liability		2081.11		1421.02
Net incremental Liability charged to P & L A/c		660.09		413.16

Deferred Tax Liability calculated as above is excluding the assets pertaining to Power Generating Units, the income of which being deductible u/s 80 IA of The Income Tax Act 1961. As prescribed in ASI 3 & ASI 5 regarding application of AS 22 in situation of "Tax Holiday" period under Section 80 IA and 80 IB, where the timing difference arising in a year is reversed during Tax Holiday period itself, no Deferred Tax should be recognized.

15) Disclosure pursuant to AS 15 (revised) "Employees Benefits" :

(Rs in Lacs)

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	2010-11	2009-10
Employer's Contribution to Provident Fund	15.61	13.99
Employer's Contribution to Pension Scheme	35.23	31.69

Defined Benefit Plan

In the current year, the Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Opening Defined Benefit Obligation	66.94	81.58	14.06	17.51
Excess / Short Provision	-	(0.50)	-	0.63
Service Cost	14.82	13.25	15.61	5.22
Interest Cost	5.61	6.77	1.50	1.74
Actuarial (Gain) / Loss	(5.94)	(3.24)	4.35	(2.26)
Benefits paid	(16.35)	(30.92)	(8.21)	(8.78)
Closing Defined Benefit Obligation	65.09	66.94	27.31	14.06

II. Reconciliation of opening and closing balance of fair value of plan assets

	Gratuity (Funded)	
	2010-11	2009-10
Opening fair value of plan assets	18.69	30.15
Expected return	1.61	2.19
Actuarial Gain / (Loss)	(0.59)	5.28
Employer Contribution	13.95	11.98
Benefits paid	(16.35)	(30.92)
Closing fair value of plan assets	17.31	18.69

III. Reconciliation of fair value of assets and obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Fair value of plan assets	17.31	18.69	-	-
Present value of obligation	65.09	66.94	27.31	14.06
Amount recognised in Balance Sheet	47.78	48.25	27.31	14.06

IV. Expense recognised during the year (under the head "Payment to and for Employee" of Schedule '16')

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Service Cost	14.82	13.25	15.61	5.22
Interest Cost	5.62	6.77	1.50	1.74
Expected return on plan assets	(1.61)	(2.19)	-	-
Actuarial (Gain)/ Loss	(5.35)	(8.52)	4.35	(2.25)
Net Cost included in 'Employee Benefit Expense'	13.48	9.31	21.47	4.70

V. Investment Details

	% invested	
	2010-11 (%)	2009-10 (%)
Public Sector Securities	76	56
Special Deposit Schemes	-	-
State Govt. Securities	3	3
FDR with Banks	20	38
Balance with Banks	1	3
Total	100	100

VI. Actuarial Assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Discount Rate (per annum)	8.38%	8.30%	8.38%	8.30%
Expected Rate of return on plan assets (per annum)	9.00%	9.00%	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

16) **Related Party Disclosure:**

(a) List of Related Parties and Relationships:

i. **Concern where significant interest exists.**

Name of the Concern	Nature of Relationship
Orient Newsprint Ltd	Control exists
Drupa Suppliers Pvt. Ltd	Control exists
Rainbow Industrial Park Pvt. Ltd	Control exists
Rainbow Infrabuild Pvt. Ltd	Control exists
Nigo Best Packs Pvt. Ltd	Control exists
Windsor Paper Pvt. Ltd	Control exists

ii. **Key Management Personnel and Relatives.**

Lt Shri. Radheshyam N. Goenka	- Executive Director till 28.05.2010
Shri. Ajay R. Goenka	- Chairman & Managing Director
Shri. Manish Bagadia	- Executive Director
Smt. Sangeeta A. Goenka	- Sr Vice President (Executive Director till 28.05.2010)
Smt. Niyati Agrawal	- Sr Vice President

(b) Disclosure of Related Party Transactions

(Rs in Lacs)

Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
	2010-11	2009-10	2010-11	2009-10
Unsecured Loan taken	-	0.50	-	-
Unsecured Loan Repaid	-	1253.00	-	-
Office Rent Paid	-	-	0.90	0.90
Directors' Remuneration	-	-	97.49	26.97
Salary	-	-	15.10	-
Sale of Investment	-	499.40	-	-
Sale of Asset	-	-	1.70	-
Share Application Money	3015.00	-	-	-

Disclosures of material transactions with related parties during the year:

(Rs in Lacs)

Sr.No.	Description	Related Parties	Amount
1	Office Rent Paid	Shri Ajay R Goenka	0.90
2	Directors' Remuneration	Shri Ajay R Goenka	77.78
		Shri Manish Bagadia	17.54
3	Salary	Smt. Sangeeta A. Goenka	5.81
		Smt. Niyati Agrawal	9.29
4	Sale of Asset	Smt. Sangeeta A. Goenka	1.70
5	Share Application Money	Orient Newsprint Ltd	3015.00

17) Earning per share:

Particulars		31.03.2011	31.03.2010
Net profit for the year attributable to Equity Shareholders	Rs. Lacs	3710.16	2362.93
Weighted average number of Equity Shares outstanding	Numbers	87217300	44873365
Basic and diluted earnings per share (face value of Rs. 2 each)	Rs.	4.25	5.27 (Restated)

Pursuant to a resolution passed by the Shareholders of the Company at the Annual General Meeting held on 8th July, 2010, each Equity Share of face value of Rs. 10 was sub-divided into 5 Equity Shares of face value of Rs.2 each.

18) Derivative Instruments :

a) The Company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such forward contracts are banks.

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31-3-2011 are as under:

Year	Currency	Exposure to Buy/Sell	No. of contracts	Rs in Lacs	Foreign currency
2010-11	USD	Buy	11	2461.04	5511850
(2009-10)	(USD)	(Buy)	(8)	(2307.43)	(5111730)

b) Foreign currency exposure at the year end not hedged by derivative instruments.

	31-03-2011	31-03-2010
Payables - USD	2089826	341526
Receivables - USD	1746104	837415
Receivables - Euro	74674	-
Bank Balance - USD	14067700	25921979
Term Loans - USD	26922542	37169958
Term Loans - GBP	1752173	-

19) Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year.

20) Information pursuant to provisions of paragraph 3, 4, 4-B, 4-C, 4-D & 4-E of part II, Schedule VI of the Companies Act, 1956.

a) Information for each class of goods manufactured :

Product	Unit	Installed Capacity *		Actual Production	
		31.03.11	31.03.10	2010-11	2009-10
Paper	MT	183000	183000	137496.93	109054.91

* This being technical matter taken as certified by management

b) Opening and Closing Stock of Finished Goods:

(Rs in Lacs)

Product	Opening Stock				Closing Stock			
	2010-11		2009-10		2010-11		2009-10	
	Qty. (MT)	Amount	Qty. (MT)	Amount	Qty. (MT)	Amount	Qty. (MT)	Amount
Paper	572.23	146.38	422.10	97.84	762.51	242.54	572.23	146.38

c) Consumption of Raw Materials:

(Rs in Lacs)

Product	2010-11		2009-10	
	Qty. MT	Amount	Qty. MT	Amount
Base & Waste Papers *, #	153220.02	18445.57	119213.12	12489.97
Chemicals (Coating Division)	1591.64	364.82	1631.64	328.77
TOTAL	154811.66	18810.39	120844.76	12818.74

* Including 2526.00 M.T. valuing Rs. 780.13 Lacs being captive consumed for inter-division (PY 3129.77 MT valuing Rs. Rs.1020.12 Lacs)

Including 433.99 MT Sales return considered as Raw Materials. (PY 8.88 MT)

d) Sales:

(Rs in Lacs)

Product	2010-11		2009-10	
	Qty. MT	Amount	Qty. MT	Amount
Paper *	137306.64	39054.90	108904.79	26893.09

* Including 2526.00 M.T. valuing Rs. 780.13 Lacs being captive consumed for inter-division (P.Y. 3129.77 MT valuing Rs. Rs.1020.12 Lacs)

e) Details of Goods Traded:

(Rs in Lacs)

Product – Paper	2010-11		2009-10	
	Qty. MT	Amount	Qty. MT	Amount
Opening Stock	-	-	-	-
Purchases	562.56	236.42	4027.66	1469.38
Sales	562.56	251.52	4027.66	1645.33
Closing Stock	-	-	-	-

f) Value of imports calculated on C.I.F. basis during the financial year in respect of:

(Rs in Lacs)

	2010-11	2009-10
(i) Raw Materials	8939.40	7143.39
(ii) Components – spare parts	163.95	26.33
(iii) Chemical	259.29	224.16
(iv) Capital Goods	77.43	1543.40

g) Expenditure in foreign currency during the financial year:

(Rs in Lacs)

	2010-11	2009-10
(i) Technical Know how / Professional Fees / Consultancy Fees	16.01	13.53
(ii) Interest on FCNR Loan	1380.71	788.84
(iii) Foreign Traveling Exp	3.46	2.73
(iv) GDRs Issue Expenses	-	457.97

h) Value of Raw Materials, Stores, Chemical & Spares consumed during the year:

(Rs in Lacs)

	Amount		% of total consumption	
	2010-11	2009-10	2010-11	2009-10
Raw Materials:				
i) Imported	9896.80	6905.47	53%	54%
ii) Indigenous	8913.59	5913.27	47%	46%
Total	18810.39	12818.74	100%	100%
Stores, Spares & Chemical:				
i) Imported	433.31	258.01	11%	14%
ii) Indigenous	3342.66	1547.93	89%	86%
Total	3775.97	1805.94	100%	100%

(Rs in Lacs)

	2010-11	2009-10
i) Earning in Foreign Exchange:		
- Export of goods on F.O.B. basis	9425.24	4643.42
- Interest on Deposits	84.47	21.34
j) The amount remitted during the year in foreign currency for dividend(*)	175.75	0.03
- Number of non-resident shareholders	10	7
- Number of shares held by them	8787252	1834

(*) The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders which were declared during the year, are given.

As per our separate report of even date attached.

For Talati & Talati
Chartered Accountants
(Firm Reg No: 110758W)

Anand Sharma
Partner
Mem. No. 129033

Place : Ahmedabad
Date : May 7, 2011

Runel Rathi
Company Secretary

For and on behalf of the Board of Directors

Ajay Goenka Managing Director
Manish Bagadia Executive Director
Rajendra Patawari Director
Shashikant Thakar Director
Kantibhai Patel Director
Bhasker Bhatt Director

Place : Ahmedabad
Date : May 7, 2011

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No	L21010GJ1986PLC008772	State Code	04
Balance Sheet Date	31.03.2011		

II Capital Raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities	8109072	Total Assets	8109072
Sources of Funds:			
Paid up Capital	174435	Share Application Money	301500
Reserves & Surplus	2374178	Secured Loans	4173805
Unsecured Loans	Nil	Current Liability	877043
Deferred Tax Liability	208111		
Application of Funds:			
Net Fixed Assets	5845578	Investments	Nil
Current Assets	2263494	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV Performance of Company(Amount in Rs Thousands)

Turnover (Gross Revenue)	3886272	Total Expenditure	3431274
Profit Before Tax	454998	Profit After Tax	371016
Earning per Share in Rs. (Basic)	4.25	Dividend Rate %	20%

V Generic Names of Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)	480400
Products Description	PAPER AND PAPER BOARD
Item Code No. (ITC Code)	481010
Products Description	COATED PAPER

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-3-2011

(Rs. in Lacs)

	31-03-2011	31-03-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Extra Ordinary Items	4549.98	3113.80
Adjustment For:		
Depreciation	2780.46	2402.97
Interest Paid (Net)	1585.29	1327.22
Dividend Received	(0.02)	(0.08)
Profit on Sale of Investment	(2.90)	(52.37)
Profit on Sale of Assets	(680.95)	(1.50)
Operating Profit Before Working Capital Changes	8231.86	6790.04
Adjustment For:		
(Increase) /Decrease In Inventories	(1593.51)	(456.69)
(Increase) /Decrease In Sundry Debtors	(935.54)	(840.38)
(Increase) /Decrease In Loan & advances	(884.65)	(1131.41)
Increase /(Decrease)In Sundry Creditors	384.10	2039.83
CASH GENERATED FROM OPERATING ACTIVITIES	5202.26	6401.39
Direct Tax Paid	(932.05)	(483.67)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	4270.21	5917.72
Extra-ordinary Items:		
Excess Provision Written Back	(4.63)	13.57
Prior Period Expenses	(1.10)	(9.30)
NET CASH FLOW FROM OPERATING ACTIVITIES	4264.48	5921.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in Progress)	(18730.22)	(11145.65)
Sales of Fixed Assets	779.42	3.66
Sale of Investment	5.04	277.26
Dividend Received	0.02	0.08
NET CASH FLOW FROM INVESTING ACTIVITIES	(17945.74)	(10864.64)

(Rs. in Lacs)

	31-03-2011	31-03-2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term Loans	12455.19	5470.76
Proceeds from Working Capital Facilities	1182.56	361.43
Proceeds from Corporate Unsecured Loans from Bank	-	5046.11
Repayment of Unsecured Loans	(226.00)	(1250.50)
Repayment of Term Loans	(5250.98)	(4334.23)
Issue of share Capital	-	1023.55
Proceeds from Securities Premium	-	11361.36
GDR Issue Expenses	-	(457.97)
Proceeds from Share Application Money	3015.00	-
Interest Paid	(1585.29)	(1272.66)
Dividend including Dividend Tax Paid	(410.97)	(132.41)
NET CASH FLOW FROM FINANCING ACTIVITIES	9179.51	15815.45
NET CHANGE IN CASH & CASH EQUIVALENTS(A+B+C)	(4501.75)	10872.80
OPENING BALANCE - CASH AND CASH EQUIVALENT	12155.95	1283.15
CLOSING BALANCE - CASH AND CASH EQUIVALENT	7654.20	12155.95

Note:

Cash & Cash Equivalents for the year ended March 31, 2011 includes unrealised Gain / (Loss) of (Rs 12.78 Lacs) (PY (Rs 184.87 Lacs)) on account of translation of Foreign Currency Bank Balance

As per our separate report of even date attached.

For Talati & Talati
Chartered Accountants
(Firm Reg No: 110758W)

Runel Rathi
Company Secretary

Anand Sharma
Partner
Mem. No. 129033

Place : Ahmedabad
Date : May 7, 2011

For and on behalf of the Board of Directors

Ajay Goenka	Managing Director
Manish Bagadia	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Bhasker Bhatt	Director

Place : Ahmedabad
Date : May 7, 2011

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