

NOTICE

NOTICE is hereby given that the **TWENTY-SIXTH ANNUAL GENERAL MEETING** of the members of M/s. RAINBOW PAPERS LIMITED will be held on **Thursday, the 27th day of September, 2012, at 11.00 am**, at Ahmedabad Textiles Mills Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009, to transact the following businesses :

Ordinary Business:

- 1] To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date together with Directors' and the Auditors' Report thereon.
- 2] To declare Dividend on the Equity Shares of the Company, for the financial year ended on 31st March, 2012.
- 3] To appoint a Director in place of Shri Shashikant N. Thakar, who retires by rotation and being eligible, offers himself for re-appointment.
- 4] To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:-

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Talati & Talati, Chartered Accountants, Ahmedabad (ICAI Reg. No. 110758W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration as may be decided by the Board of Directors as per the recommendation of the Audit Committee and reimbursement of out of pocket expenses actually incurred by them in connection with the Audit."

Special Business:

- 5] To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in supersession of the ordinary resolution passed at the Annual General Meeting of the Company held on the 27th September, 2011 and in pursuance of the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the

Company be and is hereby accorded to the Board of Directors of the Company to borrow monies from time to time together with the monies already borrowed by the Company upto a limit of Rs.2500 Crores (Rupees Two Thousand Five Hundred Crores only), in the Indian Rupees and/or in Foreign Currency as suitable, in excess of aggregate of paid-up capital and free reserves [i.e reserves not set apart for any specific purpose] at any time for the purpose of the Company [apart from temporary loans obtained from and/or to be obtained from the Company's bankers in the ordinary course of business] from the Company's bankers or from any person or persons, firms, body corporate or financial institutions, by way of deposits, advances or other loans, whether unsecured or secured by mortgage, charge, hypothecation, or pledge of all or any of the Company's assets and properties including the whole or substantially the whole of undertaking or undertakings of the Company on such terms and conditions as the Board of Directors may deem fit and that the consent be and is hereby given to the Board of Directors for executing as and when necessary such instruments and documents as they may deem fit for mortgage, charge, hypothecation or pledge or otherwise, in connection with the borrowings of the Company".

By order of the Board of Directors

Place : Ahmedabad
Date : 24th MAY, 2012

Runel Rathi
Company Secretary

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.

- c) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
- d) The Explanatory Statement in respect of Item No. 5 pursuant to Section 173 [2] of the Companies Act, 1956 is annexed herewith.
- e) The relevant details of director seeking appointments/re-appointment under Item No. 3 above, as required by Clause 49 of the Listing Agreements entered into with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited are also annexed.
- f) The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September, 2012 to 27th September, 2012 (both days inclusive).
- g) Members holding shares in physical form are requested to notify the change in addresses, their Pin code numbers, email addresses and telephone numbers, if any to the Company at its Registered office or to M/s. Sharepro Services (India) Private Limited - Registrar & Share Transfer Agents by quoting their folio numbers. Members holding shares in electronic mode may update such details with their respective Depository Participants [DP's].
- h) Members holding shares in physical form can avail the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrar & Share Transfer Agent which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DP's.
- i) The unclaimed dividend for the financial years ended on 31st March 2005 and onwards are due for transfer to the IEPF, on the dates given in the table below:

Financial Year ended on	Date of Declaration of Dividend	Date of transfer of dividend
31 st March, 2005	29 th September, 2005	6 th November, 2012
31 st March, 2006	26 th September, 2006	3 rd November, 2013
31 st March, 2007	21 st September, 2007	28 th October, 2014
31 st March, 2008	22 nd September, 2008	29 th October, 2015
31 st March, 2009	23 rd September, 2009	30 th October, 2016
31 st March, 2010	8 th July, 2010	16 th August, 2017
31 st March, 2011	27 th September, 2011	3 rd November, 2018

- Members who have so far not encashed the Dividend Warrants for the financial years ended 31st March 2005 and thereafter are advised to submit their claims to the Company's Registered Office at 801, Avdshesh House, Opp. Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad - 380054 or to the Company's Registrar and Share Transfer Agents, **M/s. Sharepro Services (India) Pvt. Ltd.**
2. as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 20th September, 2012.
- j) The dividend as recommended by the Board, if approved by the members at the Annual General Meeting will be paid within 30 days from the date of Annual General Meeting to those members whose names stand registered on the Company's Register of Members:
1. as Beneficial Owners as at the end of business on 20th September, 2012, as per the data to be furnished by **M/s. Sharepro Services (India) Pvt. Ltd.** in respect of the shares held in electronic form, and
- k) Members of the Company who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificates to the Registrar & Share Transfer Agents **M/s. Sharepro Services (India) Pvt. Ltd.** or to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.
- l) Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their questions to the Secretary of the Company so as to reach at least seven days before the date of the meeting, so that the information may be made available at the meeting, to the best extent possible.

- m) In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their Client ID and their DP ID Numbers.
- n) The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialized at the earliest.
- o) Securities and Exchange Board of India vide its circular has made it mandatory for every participant in the securities/capital market to furnish Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card for the purpose of the transfer to our Registrar & Share Transfer Agents, **M/s. Sharepro Services (India) Pvt. Ltd.**

hypothecation, or pledge of all or any of the Company's assets and properties including the whole or substantially the whole of undertaking or undertakings of the Company, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

At the 25th Annual General Meeting of the Company held on 27th September, 2011, the members had accorded its consent under Section 293 (1) (d) of the Companies Act, 1956, to the Board of Directors to borrow money upto Rs. 1500 Crores taking into account the future requirements of finance that may be required for any expansion programmes that may be taken by the Company and for part financing any increase in working capital requirements of the Company. A fresh resolution is proposed to increase the said limit of borrowings by the Board of Directors upto Rs. 2500 Crores in Indian Rupees or in Foreign Currency by way of Term Loan or External Commercial Borrowing or any other similar mode.

Hence the Board of Directors recommend passing of this resolution for your consent. None of the Directors of the Company, is in any way, concerned or interested in the resolution as set out at item no. 5 of the accompanying notice .

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS UNDER ITEM NO. 5 PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No-5

Under the provisions of Section 293 (1) (d) of the Companies Act, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers or from any person or persons, firms, body corporate or financial institutions, by way of deposits, advances or other loans, whether unsecured or secured by mortgage, charge,

By order of the Board of Directors

**Place : Ahmedabad
Date : 24th MAY, 2012**

**Runel Rathi
Company Secretary**

Details of the Directors seeking appointment/re-appointment in the ensuing Annual General Meeting

Name	Shri Shashikant N. Thakar
Age	57 Years
Date of Appointment	30/01/2010
Qualification	B.Com., LL.B., FCS
Experience	26 Years

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form are requested to send their requests to the Registrar : M/s. Sharepro Services (India) Pvt. Ltd., at their office situated at 416-420, 4th floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad.

RAINBOW PAPERS LIMITED

Registered Office: 801, Avdhesh House, Opp. Shri Guru Govind Gurudwara,
Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 (Gujarat)

ATTENDANCE SLIP

Please fill in Attendance Slip and hand it over at the Meeting hall
Joint Shareholder may obtain slip on request.

DP ID*
Client Id*
Name of Shareholder

Folio No. :
No. of Share(s) held
Name of the Proxy

hereby record my presence at **26th ANNUAL GENERAL MEETING** of the Company at Ahmedabad Textiles Mills Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009 (Gujarat) on Thursday, 27th September, 2012 at 11.00 a.m.

Signature of the attending member / Proxy

RAINBOW PAPERS LIMITED

Registered Office: 801, Avdhesh House, Opp. Shri Guru Govind Gurudwara,
Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 (Gujarat)

PROXY FORM

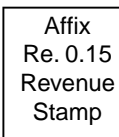
DP ID*
Client Id*

Folio No. :
No. of Share(s) held

I/We _____ of _____ in the district
of _____ being a member / members of the above named Company, hereby
appoint _____ of _____ in the district
of _____ or failing him _____
of _____ in the district of _____

as my / our proxy to attend vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held at Ahmedabad Textiles Mills Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009 (Gujarat) on Thursday, 27th September, 2012 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012.



Signature of the member
across the stamp

* Applicable for member holding shares in electronic form.

Note: The proxy in order to be effective should be duly stamped, completed and signed and be deposited at the Registered Office of the Company not Less than Forty Eight hours before the time of holding the aforesaid meeting. The Proxy need not be a member of the Company.



..soaring to new heights

26th **ANNUAL REPORT | 2011-12**



Late Shri Radheshyamji Goenka
1929-2010

Founder & Visionary

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

SHRI AJAY R. GOENKA	:	CHAIRMAN & MANAGING DIRECTOR
SHRI RAHUL J. MAHESHWARI	:	EXECUTIVE DIRECTOR
SHRI RAJENDRA V. PATAWARI	:	INDEPENDENT DIRECTOR
SHRI KANTIBHAI H. PATEL	:	INDEPENDENT DIRECTOR
SHRI SHASHIKANT N. THAKAR	:	INDEPENDENT DIRECTOR

COMPANY SECRETARY

SMT. RUNEL RATHI

STATUTORY AUDITORS

M/s. TALATI & TALATI
CHARTERED ACCOUNTANTS
AHMEDABAD

COST AUDITORS

SHRI VINOD H. SHAH
COST ACCOUNTANTS
AHMEDABAD

INTERNAL AUDITORS

M/s. DHANESH B. KHATRI & CO.
CHARTERED ACCOUNTANTS
AHMEDABAD

BANKERS

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

REGISTERED OFFICE

801, Avdhesh House

Opp. Shri GuruGovind Gurudwara

SG Highway, Thaltej

Ahmedabad-380054. Gujarat. INDIA

Phone: 079-26855714/16

Email: info@rainbowpapers.com

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

1453, 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)

REGISTRAR & SHARE TRANSFER AGENTS

M/s. SHAREPRO SERVICES (INDIA)
PRIVATE LIMITED

416-420, 4th Floor, Devnandan Mall,

Opp. Sanyas Ashram, Ellisbridge,

Ahmedabad – 380 006

Phone: 079-26582381-84

Email: sharepro.ahmedabad@

shareproservices.com



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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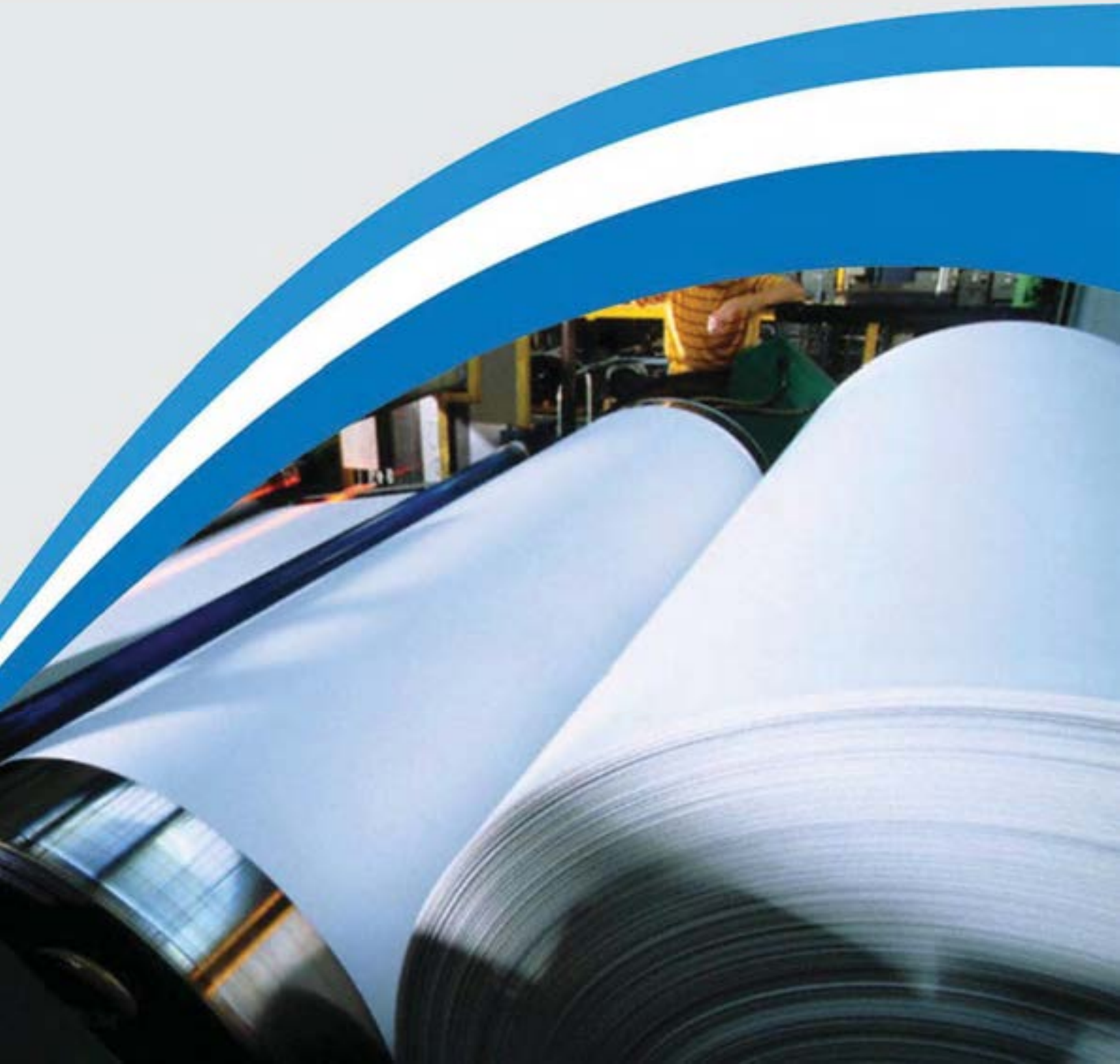
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Stand-Alone Financial Statements

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With a production capacity of about 3,05,000 MTPA, Rainbow is geared to cater to the diverse segments of the Indian as well as overseas usage market.



Soaring to New Heights..

Rainbow Papers commenced its journey with its first venture, a creping and dyeing unit in 1981. Today we are one of the fastest growing corporations in the Indian Paper Industry. Not only that, RPL has marked its presence in the global market and is currently exporting its products to various countries in the US, Middle East, South Africa, South East Asia and U.K. We offer a plethora of world class products ranging from Duplex to File Board, from writing paper to Art Card and from packaging and Electric grade crepe to Decorative tissues crepe. Rainbow is producing almost 200 varieties of paper. With a production capacity of about 3,05,000 MTPA, Rainbow is geared to cater to the diverse segments of the Indian as well as overseas usage market.

Today the markets are getting increasingly competitive; but RAINBOW has always adhered to its philosophy of 'Quality and Customer comes first' while facing competition. This helps us enjoy Customer loyalty as well as an increasing Market Share. Rainbow is accredited with ISO 9001, 14001 & OHSAS 18001, Star Export House and has also been FSC **Certified**.





Our Product

At Rainbow, utmost emphasis is placed on quality control. Customer satisfaction is our main objective. With its recent expansions the company now has a production capacity of 305000 TPA. With almost 200 varieties of paper to offer, Rainbow is becoming a One - stop solution for various paper requirements.

Our product range includes :

- Writing & Printing Paper / Maplitho
- Newsprint Paper
- Duplex Boards
- Coated & Cast Coated Paper & Board
- Colour Paper & Board
- Manila Paper & Board
- Kraft Paper & Board
- MG Poster Paper & Board
- Crepe Paper

Soon, Online Chromo Paper, Art Paper, LWC Paper & Glazed Newsprint will also be added to our product portfolio.



Our Process

CREATING VALUE FROM WASTE!!

Traditionally, Paper was manufactured from wood. With the constant threat of global warming and awareness towards minimizing the carbon footprint recycled paper is gaining wide popularity. At Rainbow, we use waste paper as our primary raw material. This ensures us a three-fold benefit. First we save the forests by recycling paper. Secondly, we prevent the pollution the waste paper would have caused had it not been put to effective use and lastly, our raw material supply is ensured as there will be as much raw material as there will be consumption and by developing an effective logistics cycle we ensure easy availability of raw material. 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.



Our Network

We aim to anticipate customer needs and capture market share through strategic regional distribution channels. For this, the company has a well - established distribution network within as well as outside India. Today Rainbow is having a global presence and is exporting to every continent across the globe. This network enables us to get first hand information about the demand trend in the various markets hence enabling us to effectively meet those demands.

We are located in a state that enjoys a 1600 kms long coastline with major ports like Kandla and Mundra. This gives us a demographic advantage for both imports and exports. Capitalizing on this Rainbow has developed a strong market presence in USA, European Markets, Africa, South East Asia and Middle east.



Our Green Initiatives

REDUCE, REUSE, RECYCLE!!

At Rainbow we work by the adage '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.

manufacturing laminate sheets

At Rainbow, we use the residual 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. These sheets are also used as a replacement to wood in pallets.

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.

From the CMDs Desk

Dear Fellow Shareholders,

Global paper and board industry in the last 15-20 years, has been witnessing a shift in demand away from North America and Europe towards Asia and South America. Asia now accounts for almost 40% of global consumption.

Today, Indian Paper and Packaging Board industry in particular is emerging as an important global player. It is already among the top 20 global markets and is expected to improve its ranking further over the next 4-5 years. The industry has been showing strong growth in recent years thanks to rising literacy, consumerism and increasing commercial activities. 2011-12 was a challenging period for the Paper and Board industry due to economic slowdown and rising costs of inputs. However this seems like a temporary phase and some signs of recovery are being seen.

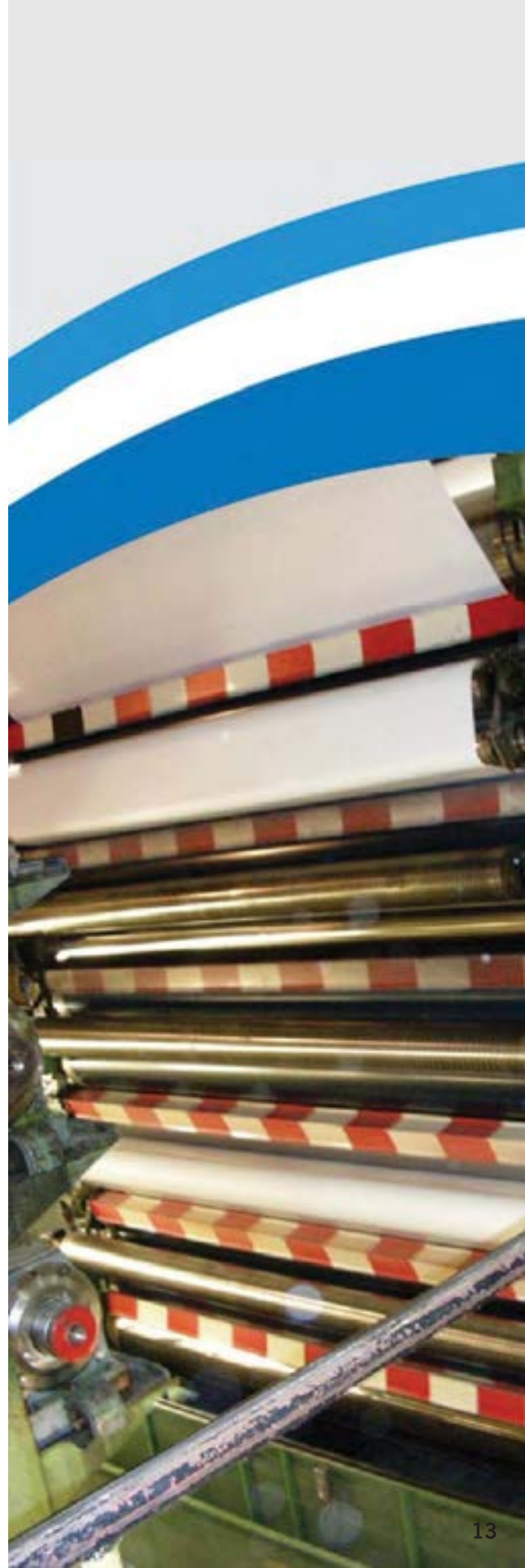
To embark on a journey of success one needs the tools of preparedness, foresight and strategy. The key to success in today's competitive and dynamic world is continuous evolution. And, at your Company it is a firm belief that success is the outcome of continuous improvement, perpetual edification and sustained reinvention.



AJAY GOENKA
Chairman & Managing Director

These lead to the path of growth and high quality operations. Rainbow Paper has been taking proactive steps to fully utilize the opportunities as well as respond to the future challenges. By acting proactively to identify the market trend and augmenting its capacity on time, Rainbow, is poised to gain from the 'first-movers advantage' in the paper market. At your Company, sound business model and world-class infrastructure provide intrinsic strength, which is supported by dependable outsourcing alliances and best-in-class products. Rainbow Papers has invested wisely in securing raw materials, focusing on research and technological development, complying with government policies on environment, and locking in capital requirements. We have started to get results from these investments in the form of increased profits, greater customer satisfaction, and a healthier environment. Carefully produced paper has been painstakingly crafted by the team, that constantly innovates by embracing diverse range of chemicals and ideas. Passionate about improving the quality Rainbow designs means to enrich the life of everyone attached with them through a conscious choreography of sensory experience..

Its core competency lies in the area of Production, packaging, hospitality ,a team of dedicated executives and a firm vision to excel.



“ To embark on a journey of success one needs the tools of preparedness, foresight and strategy. The key to success in today’s competitive and dynamic world is continuous evolution. ”



Your Company has conscientiously focused on and undertaken various resource-building initiatives like Capacity Expansion and Modernization, Corporate Governance, Stakeholder Engagement and a well researched shift towards Technological Excellence. The expansion program at Rainbow has augmented the total Company capacity to 3,05,000 tonnes per annum. It is also utilizing a state-of-the-art technology which will not only deliver high quality paper but also conserve resources like energy and water significantly. This will reduce costs and help us to be among the high quality producers of paper in the country at competitive costs.

Today, your Company is looked at as a recognized player, respected for its achievements, professional ethics, governance and innovative concepts. Banking on strong fundamentals and excellent goodwill, we are poised for a new phase of dynamic growth. We are confident that our vision to constantly set challenging roles for ourselves, while we expand and diversify, will bring us recognition as a progressive Company playing a dynamic role in the Paper Industry. RPL believes in an conceptual

approach, improving the infrastructure and modernization to enable the customers and share holders to get the best, and in turn help us establish as BRAND beyond comparison.

Gearing up for the future, we have the key success factors necessary to withstand the winds of change. The encouragement provided to build a highly skilled and creative team, which is reinforced by the state-of-the-art infrastructure. Our well-recognized market presence with a strong product portfolio, which is being marked up with newer brands, streamlined and efficient manufacturing capabilities, which boosts of technical prowess, high quality production and cost effectiveness. Also a well monitored marketing and distribution network, which is aimed at attaining brand equity among our wide-reaching customer base.

AJAY GOENKA
Chairman & Managing Director

Financial Highlights

PRODUCTION in MT

2007-08	81129
2008-09	85994
2009-10	109055
2010-11	137497
2011-12*	139596

NET SALES ₹ in CR

2007-08	181.06
2008-09	227.03
2009-10	276.87
2010-11	385.52
2011-12*	598.75

EBITDA ₹ in CR

2007-08	35.64
2008-09	52.41
2009-10	68.44
2010-11	89.16
2011-12*	108.89

PAT ₹ in CR

2007-08	12.84
2008-09	23.61
2009-10	23.59
2010-11	37.10
2011-12*	46.05

BASIC EPS in ₹

2007-08	4.03
2008-09	6.52
2009-10	5.27
2010-11	4.25
2011-12*	5.14

*All current year's figures are consolidated which represent the Accounts of Rainbow Papers Ltd. & its subsidiaries namely - Rainbow Papers JLT, Dubai & Rainbow Infrabuild Pvt.Ltd.,India.

Awards & 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 received the Special Award in recognition of our outstanding export performance in respect of Paper and Paper Board by CAPEXIL for the second consecutive year.
- We have been upgraded by the Dalal Street from Small Cap to Mid Cap and have been ranked as 208th among top 400 Mid Cap Companies in India.



Certifications

ISO 9001

Quality Management

ISO 14001

Environment Management

OHSAS 18001

Occupational health and safety

FSC-COC Certification

Forest Stewardship Council
– Chain of Custody

Star Export House

By Director General of
Foreign Trade (DGFT)



DIRECTORS' REPORT

To,
The Members,
RAINBOW PAPERS LIMITED,
AHMEDABAD

Your Directors have great pleasure in presenting herewith the 26th Annual Report together with the audited statements for the financial year ended 31st March, 2012.

Financial Highlights:

The standalone and consolidated results of your company for the financial year ended on 31st March, 2012 are summarized herein below:

(₹ In Lacs)

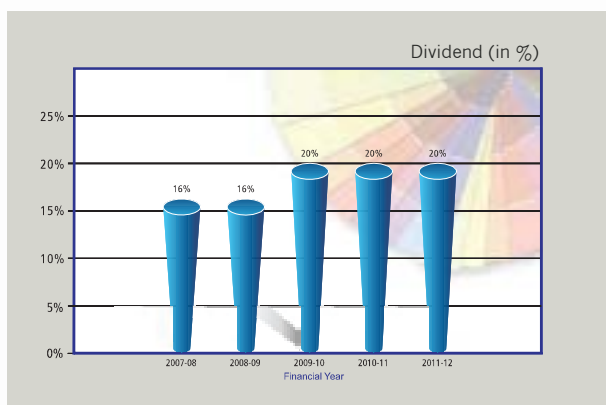
FINANCIAL RESULTS	CONSOLIDATED		STANDALONE	
	2011-12*		2011-12	2010-11
Revenue from Operations	61078		45988	39572
Profit before Exceptional, Extraordinary Item & Depreciation, Interest & Tax	10888		9495	9089
Depreciation	2570		2570	2780
Profit before Interest & Tax	8318		6925	6309
Interest	2858		2805	1759
Profit before Exceptional & Extraordinary Items & Tax	5460		4120	4550
Prior Period Items / Exceptional Items	(4)		(4)	(6)
Taxation: Less/ (Add) Current Tax	864		852	930
MAT Credit Entitlement	(319)		(319)	(756)
Deferred Tax	307		307	660
NET PROFIT AFTER TAX FOR THE YEAR	4604		3276	3710
Add: Balance brought forward	9344		9344	6340
NET SURPLUS AVAILABLE FOR APPROPRIATION	13948		12620	10050
Capital Reserve on Consolidation	15		-	-
Proposed Dividend / Dividend paid	381		381	349
Corporate Tax on Dividend	62		62	57
Transfer to General Reserve	246		246	300
Surplus carried forward to Balance Sheet	13244		11931	9344
EPS (Face Value of ₹ 2 per share)				
Basic	5.14		3.66	4.25
Diluted	4.95		3.52	4.25

* Two wholly owned subsidiaries viz 1. Rainbow Papers JLT, Dubai 2. Rainbow Infrabuild Private Limited, India, incorporated in F.Y. 2011-12 only, therefore previous year consolidated figures are not given.

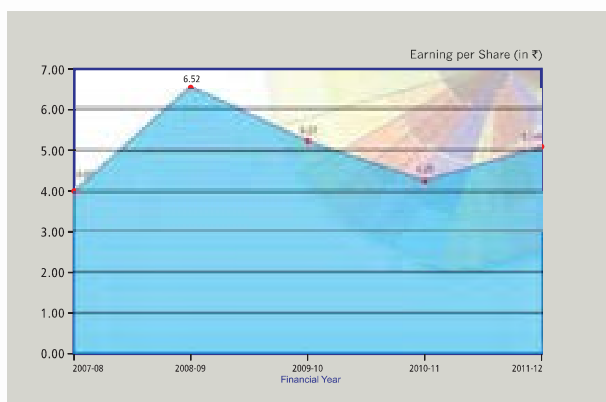
Dividend:

Your Directors are pleased to recommend a Dividend @ ₹ 0.40 per Equity Share (previous year ₹ 0.40 per Equity Share) on the face value of ₹ 2/- each for the financial year 2011-12. The payment of the aforesaid dividend is subject to approval of the members at the 26th Annual General Meeting of the Company and shall be paid to those members whose names appear in the Register of Members on 21st September, 2012, 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, 2012.

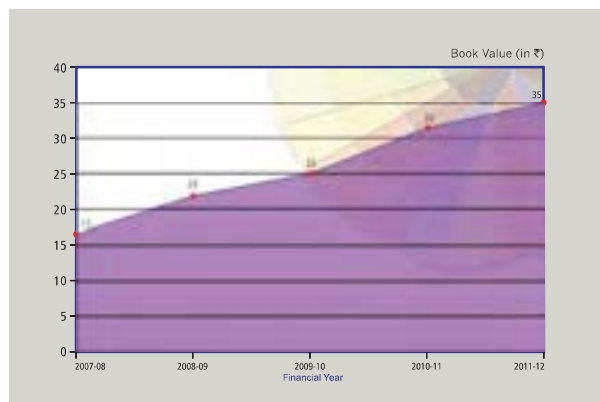
The total dividend payout for the financial year 2011-12 is of ₹ 442.66 Lacs (previous year: ₹ 405.47 Lacs) including dividend distribution tax of ₹ 61.79 Lacs (previous year: ₹ 56.60 Lacs).



Dividend paid by the Company for last 5 years.



EPS of the Company for last 5 years



Book Value of the Company for last 5 years

Transfer to Reserves

Your Company proposes to transfer a sum of ₹ 246 Lacs to the General Reserves out of the total amount available for appropriations. An amount of ₹ 13244 Lacs is proposed to be retained in the statement of Profit and Loss.

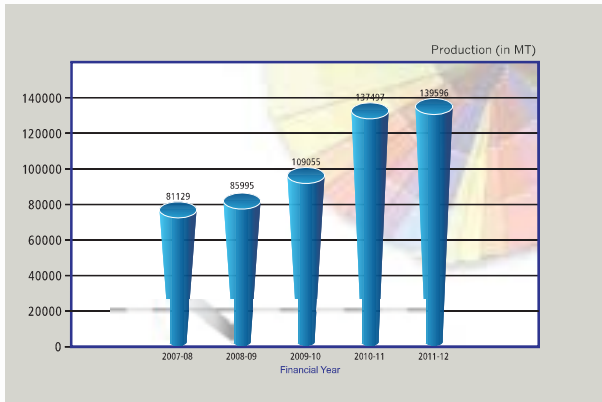
Share Capital

During the year under review your company has made allotment of 40,00,000 equity shares of ₹ 2/- each at ₹ 61/- per share and 60,00,000 convertible warrants of ₹ 61/- each convertible into 60,00,000 equity shares of ₹ 2/- each (convertible within a period of 18 months).

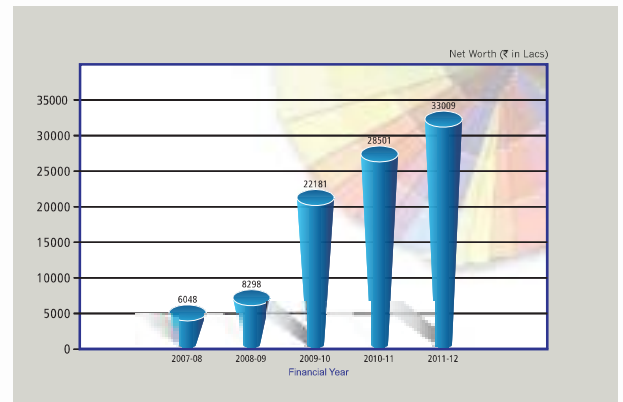
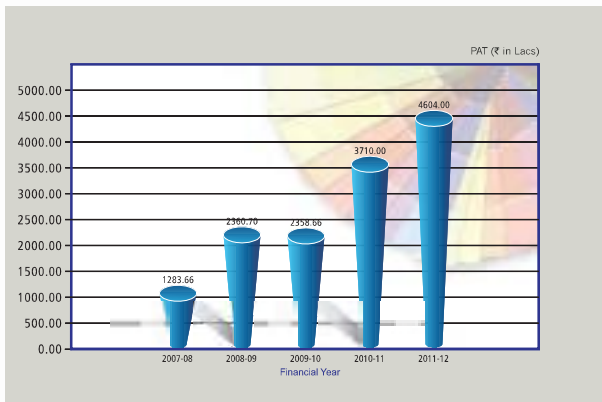
Review of Operations:

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

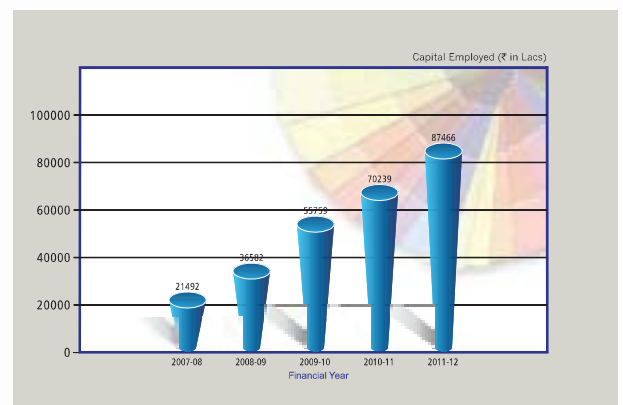
- The Company has achieved total production of 1,39,596 MT as compared to 1,37,497 MT in the previous year.
- The Company has recorded total revenue from operations of ₹ 61078 lacs (including trading turnover of ₹ 16088 lacs) as compared to ₹ 39572 lacs in the previous year, showing an year on year a growth of 54.35% in the sales turnover.
- The Company has earned Profit after Tax of ₹ 4604 lacs compared to ₹ 3710 lacs in the previous financial year recording an increase of 24.09%.
- The net worth of the Company was recorded to be ₹ 33009 lacs as on 31st March, 2012 in comparison to the net worth in the previous financial year of ₹ 28501 lacs.
- The Company has earned EBIDTA margin of ₹ 10888 lacs as compared to ₹ 9089 lacs in the previous year.



Production & Sales of the Company for last 5 years



PAT and Net worth of the Company in last 5 years.



** Fixed Assets & Capital Employed for last 5 years
 ** Gross Fixed Assets includes Capital Work-In-Progress

Subsidiary Companies:

During the year under review, your company has incorporated two wholly owned subsidiary companies under the name of M/s Rainbow Papers JLT, Dubai and M/s Rainbow Infrabuild Private Limited, India.

Rainbow Papers JLT, Dubai has started trading business of paper and recycled waste paper whereas Rainbow Infrabuild Private Limited, India is engaged in trading of paper.

In accordance with the general exemption granted by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report etc. of the subsidiary companies are not attached with this Annual Report of your company.

The annual accounts of your Company's subsidiaries as stated above and the related information shall be made available to shareholders of your Company and its subsidiaries upon receipt of a request from them. They will also be kept open for inspection at the Registered Office of your Company and its subsidiaries during business hours.

Capacity expansion:

The present production capacity of the Company is 3,05,000 MTPA which is utilized to manufacture among the existing product range certain other value added products such as Copier paper, Maplitho, Glazed paper, LWC, Coated Paper etc.

Your company is further proposing to enhance the production capacity from 3,05,000 MTPA to 4,66,700 MTPA. The said production capacity will be enhanced by installing following proposed projects:

a) Folding Duplex Board with production capacity of 132,000 MTPA

Your company is planning to install a new machine to manufacture folding duplex board with a capacity 1,32,000 MTPA. The total Cost of the Project is ₹ 480 Crores out of which debt portion is approximately ₹ 294 Crores and balance to be funded from Internal Accruals and Fresh Equity infusion. The said new product will enable the company to cater to high margin packaging segment used for packaging of cosmetics, cigarettes, medicines, electrical appliances & products, etc



b) Mill Modernization with production capacity of 29,700 MTPA

Some of the existing paper machines of the company will be modernized to enhance the net production capacity by 29,700 MTPA. The estimated Project Cost for the said project is ₹ 150 Crores out of which debt portion is approximately ₹ 75 Crores and balance to be funded from Internal Accruals and Fresh Equity infusion. The Mill modernization project will not only increase the production capacity but also improve the quality of products of the Company.

c) Production of Notebooks & Copier Paper

The company is also planning to make its entry in value added Consumer products segment by manufacturing of Notebooks and Copier paper under the brand name of "Rainbow".

Out of the total production capacity of 4,66,700 MTPA, notebooks and copier paper will contribute 20,000 MTPA and 7,500 MTPA respectively. The company is planning to penetrate, through building distributorship network initially in states of Gujarat, Maharashtra & Rajasthan. The company is currently evaluating market potential.

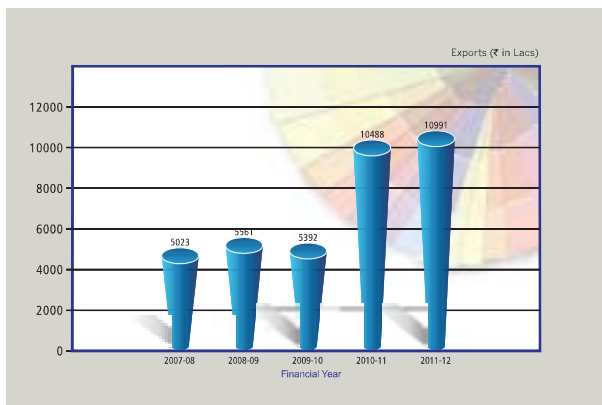
Finance:

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 proposed cost of expansion programme, your company has approached the consortium bankers for funding its project of setting up of folding duplex board and mill modernization with a total project cost of ₹ 630

Crores wherein total debt portion will be around ₹ 369 Crores and balance through Internal Accruals and Fresh Equity infusion. The proposal is under active consideration with the bankers and financial closure shall be concluded shortly.

Exports:

Your Company exported 30,302 MT of paper during the year under review. The exports accounted to 17.92% of gross sales. The exports proceeds amounted to ₹ 10,991 Lacs as compared to ₹ 10,488 Lacs during the previous year.



Exports of the Company for last 5 years

Your Company was honored with the special award in recognition of its outstanding export performance in respect of paper and paper board for the year 2010-11 by CAPEXIL. This award has been received by the Company for the 3rd consecutive year.

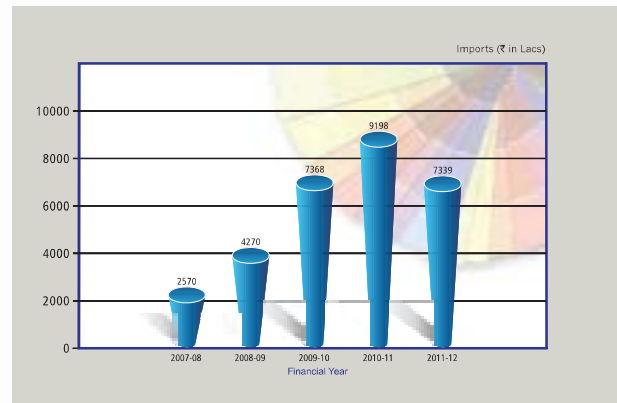
Your Company has been awarded as the 3rd Highest Exporter at ICD-Sabarmati by M/s. Container Corporation of India Ltd. for the year 2010-11.

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.

Our products are being exported across the globe. During the year, your Company has successfully exported its products 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.

Imports:

Your Company imported 54,278 MT of waste paper and 231.2 MT of chemical during the year under review. Your Company has been awarded as 1st largest importer at ICD, Ahmedabad by "Container Corporation of India Ltd" for year 2010-11 for the 3rd consecutive year.



Imports of the Company for last 5 years

The imports amounted to ₹ 7210 Lacs of waste paper and ₹ 129 Lacs of chemicals as compared to ₹ 8939 Lacs of waste paper and ₹ 259 Lacs of chemicals respectively in the previous year.

Directors:

During the year under review, Shri Bhaskar Bhatt and Shri Manish Bagadia resigned from the board w.e.f 5th October, 2011 and 30th August, 2011 respectively. The board places on record appreciation for the services rendered by them as directors of the company.

Shri Shashikant N. Thakar, 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, 2012 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 the 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:

Shri Shashikant N. Thakar	: Chairman & Independent Director
Shri Rajendra Patawari	: Independent Director
Shri Bhasker Bhatt (up to 05.10.2011)	: Independent Director
Shri Kantibhai Patel (w.e.f 12.11.2011)	: Independent Director

Audit Committee has such powers and authority as provided under the aforesaid provisions and acts in accordance with the terms of reference 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 on the balance sheet date.

Insurance:

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

Global Depository Receipts:

As on 31st March, 2012, total 2,88,89,725 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 under review, pursuant to provisions of Section 205C(2) of the Companies Act, 1956, your Company has transferred a sum of ₹ 73,506/- for the financial year 2003-04 to Investor Education and Protection Fund, which was due & payable and has remained unclaimed and unpaid for a period of seven years, after sending reminder letters to such shareholders.

Infrastructure:

Your Company is well equipped with latest infrastructure and plant and machinery as required for smooth and efficient running of the plant. The plant is located at Village: Rajpur at a distance of approximately 500 mtrs from the State Highway and has access to the latest infrastructure facilities such as developed roads, power supply, water, availability of labour- skilled & semi skilled. Your company is also having adequate land which is sufficient for the existing plant as well as for the future expansions.



Your Company has installed three tube wells within the plant which caters to overall requirement of water. Further, Narmada Canal is also passing nearby the factory site. Necessary application has been made by the company to avail the water supply and approval of the same is awaited.

Awards and Accolades:

Your company has received the following awards during the year under review:

- Your Company has been awarded as the 1st Highest Importer for the 3rd consecutive year at ICD-Sabarmati by M/s. Container Corporation of India Ltd. for the year 2010-11.
- Your Company has been awarded as the 3rd Highest Exporter at ICD-Sabarmati by M/s. Container Corporation of India Ltd. 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 third 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.

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 the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report for the year ended 31st March, 2012 is enclosed and it is forming part of the balance sheet.

Corporate Governance:

The Company is committed to maintain the highest standards of Corporate Governance.

Your Company continues to comply with the requirements enshrined in clause 49 of the Listing Agreement which relates to Corporate Governance.

A Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, forms part of this report.

Information Technology:

Most of the functional areas of your company are working on IT (Information Technology) platform, to name a few: Planning, Raw Material, Purchase, Finance, Sale, Weight Bridge, Production, HR etc.

Our entire plant is under observation on CCTV cameras and PA System (Public Announcements) for safety and security purpose.

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 is 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 (CSR) 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. RPL, has generously donated having object for the social upliftment of the economically backward people.

The Company is also making bye-products out of its recycled activities by making Waste Fiber Sheets (WFS) used in various applications such as packing material , roofing, waste baskets and flower pots and Fly Ash Bricks of suitable strength and quality accepted and well acclaimed in the Civil Works. The Company is also making presentation to government authorities for better infrastructural facilities in the areas in the vicinity of Company's works / factory.

The Company has set up a new division under the name of "Rainbow Institute of Technology & Research" (RITR), for imparting training relating to paper and power projects.

The said institution is having motto of providing skilled training for technical up gradation for the ITI, Diploma and Degree Engineering students to enhance their ability and shop floor level skill development. This will be the value addition in their scope of work and provide employment opportunity at considerable higher remuneration in the competitive field. The Company envisages starting the activities of the same probably by end of December 2012.

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 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.

Certifications:

Your Company holds various accreditation as under:

a) 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.

b) 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.

c) Star Export House

Your company is recognized and awarded as "Star Export House" by Director General of Foreign Trade, New Delhi.

d) FSC-COC certification

Your Company has been accredited with FSC-COC certification (Forest Stewardship Council – Chain of Custody).

Credit Rating:

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

Facility	Rated Amount (₹ in lacs)	Rating
Cash Credit	11105	BBB+/Stable
Term Loan	31369	BBB+/Stable
LC & Bank Guarantee	7650	P2
Total	50124	

‘P2’ indicates that the degree of safety regarding timely payment on the instrument is strong.

‘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 mandated the Cost Audit of cost accounts relating to Paper every year. Shri V.H. Shah, Cost Accountant, Ahmedabad has been appointed as Cost Auditor for the year 2012-13. The Cost Audit Report for the year 2011-12 will be submitted to the Central Government 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 2012, 9,01,43,395 nos. of equity shares forming 98.82% 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 Limited, (BSE) and National Stock Exchange of India Limited (NSE). 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

PLACE: AHMEDABAD
DATE : 24th MAY, 2012

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 : 24th MAY, 2012

Your Company has paid annual listing fees for financial year 2012-2013 to BSE and NSE. Annual maintenance and listing agency fee for the calendar year 2012 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.

Auditor's 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 for the contribution made by employees at all levels without whose hard work, solidarity and support, your Company's achievements would not have been possible. Your Directors also wish to thank its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the company.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

AJAY R. GOENKA
CHAIRMAN & MANAGING DIRECTOR

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:

<p>1. Energy Conservation Measures Taken</p>	<p>a. VFD's installed for Cooling Water Pump & Boiler Feed Water Pump, resulted in to Energy Saving.</p> <p>b. Condition monitoring for rotating instruments resulted in to saving in energy as well as break downs.</p> <p>c. Complete Energy Audit for Steam & Power through Saket Projects.</p> <p>d. Complete Electrical System Study taken up through Siemens Ltd.</p>
<p>2. Additional Investment & Proposal, if any, being implemented for reduction of consumption of energy</p>	<p>a. Implementation of Energy saving lightings in entire Premises of the plant</p> <p>b. Implementation of High efficient motors & pumps along with VFD's are installed at various places.</p> <p>c. Automation program switching on & off motors of pumps, fans instead of manual operation.</p>
<p>3. Impact of measures at (1) & (2) above for the reduction of energy consumption and consequent impact on the cost of production of goods.</p>	<p>All the above measures have resulted in substantial savings in energy cost.</p>
<p>4. Total Energy Consumption and Energy Consumption per unit of Production.</p>	<p>Form – A (annexed herewith).</p>

FORM A (See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(₹ In Lacs)

	2011-12	2010-11
A: Power & Fuel Consumption :		
1. Electricity		
(a) Purchased		
Total Units (kwh)	775593	616170
Total Amount	106.38	84.20
Rate / Unit (₹)	13.72	13.66
(b) Own Generation		
(i) Through Diesel Generator	Nil	Nil
(ii) Through Turbine		
Total Units	98150655	96251342
Units per tonne of Lignite/coal	997.71	946.06
Cost/Unit (₹)	3.65	3.07
2. Coal		
(i) For Power Generation		
Total Quantity (Tons)	98376	101739
Total Cost	3585.72	2956.61
Average Rate (₹)	3644.91	2906.08
(ii) For Steam Generation		
Total Quantity (Tons)	107275	108336
Total Cost	3909.23	3151.40
Average Rate (₹/ Tons)	3644.12	2908.91
B: Consumption per Unit of Production:		
Product Unit (Tons)	139595.82	137496.93
Electricity (Kwh/Tons)	499.35	444.08
Steam Coal (Kgs./Tons)	390.18	335.01

(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. In house utilization of 100% Fly Ash generated from boilers by burning of Fuel in to making Fly Ash Bricks.</p> <p>b. Utilization of long fiber sludge in to Board Paper.</p> <p>c. Installation of Waste recycle fiber sheet plant to convert waste fibers in to usable corrugated roof sheet & Plain Sheets.</p> <p>d. R&D in progress for utilization of De-inking sludge in to useful CLC Light Weight Blocks for Building Material.</p> <p>e. Effective steps are taken to recycle back water by purification through Bag filters.</p> <p>f. Fuel additives introduce with Lignite & Imported coal for better combustion.</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. Efficient utilisation of coal.</p> <p>c. Consumption of fresh water has reduced and effective use of treated back water has improved.</p> <p>d. The revenue generated by utilisation of fly ash, recycled waste fibre from waste to wealth.</p>
<p>3. Further plan of action</p>	<p>a. Installation of CLC Light Weight Block Plant.</p> <p>b. Installation of more number of Decanters to extract fibers.</p>
<p>EXPENDITURE ON R & D</p>	<p>No specific expenditure is incurred.</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>	

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.	Paper plants imported from Germany have been installed and the De-inking plant is also installed.

II. FOREIGN EXCHANGE EARNINGS 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 Foreign Exchange Outgo	₹ 9576.50 Lacs ₹ 10080.99 Lacs

FOR AND ON BEHALF OF BOARD OF DIRECTORS

PLACE: AHMEDABAD
DATE : 24th MAY, 2012

AJAY R. GOENKA
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE

PARTICULARS OF EMPLOYEES UNDER SUB-SECTION (2-A) OF SECTION 217 OF THE COMPANIES ACT, 1956

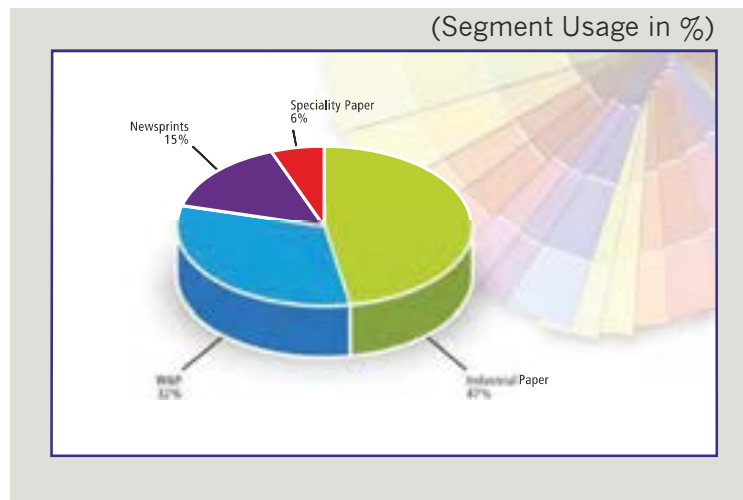
Sr. No.	Details required under Section 217(2A) of the Companies Act, 1956	
1	Name of the employee	Shri Ajay Goenka
2	Remuneration received	₹91,17,607/-
3	Nature of employment, whether contractual or otherwise	Contractual
4	Other terms and conditions	As per agreement dated 22.09.2008 and Addendum to agreement dated 08.07.2010
5	Nature of duties of the employee	Managing Director
6	Qualifications and experience of the employee	B.Com., 34 years of experience
7	Date of commencement of employment	11.09.1990
8	Age of the employee	55 years
9	The last employment held by such employee before joining the company.	Employed in RPL since inception of the Company
10	The percentage of equity shares held by the employee in the company within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of section 217 of the Act.	11,23,250 Equity Shares 1.29%



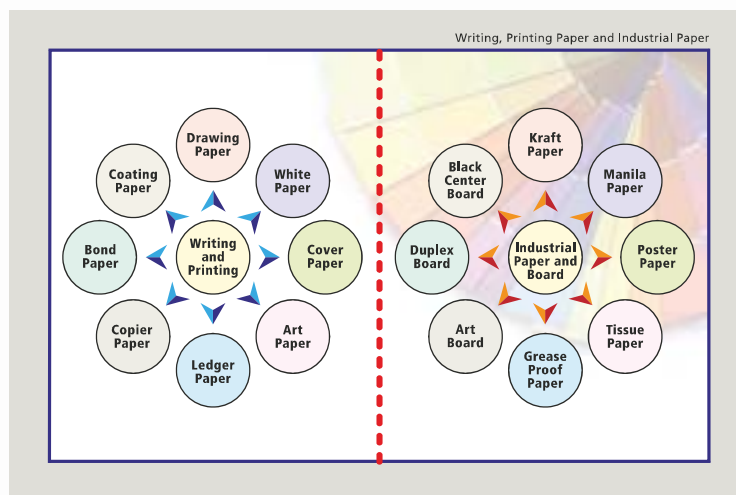
MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY OVERVIEW :

The paper industry is broadly divided into Writing & Printing papers, Industrial Papers & Paper Board, Newsprints & Speciality Papers.



The sub segments in Writing and Printing Paper and Industrial Paper segment are as under :



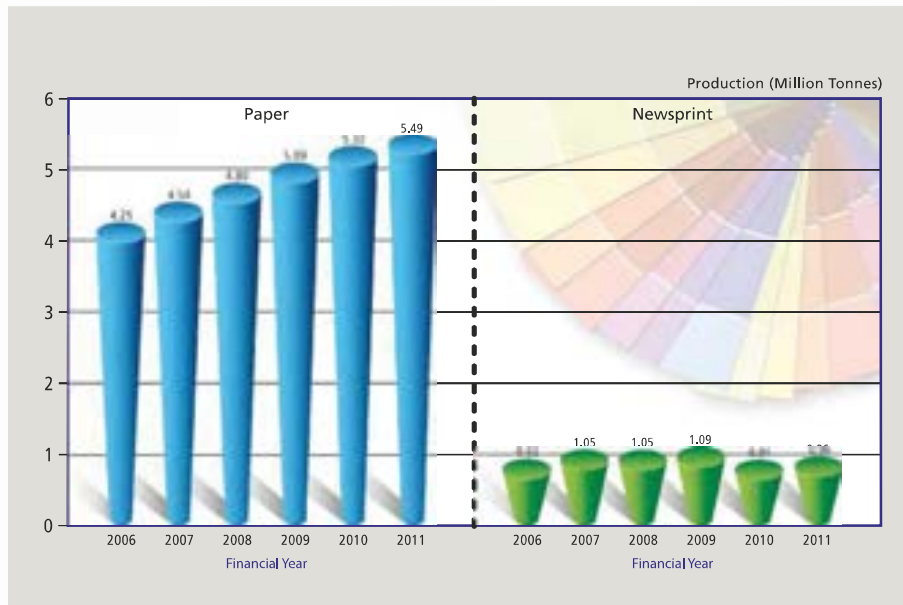
A variety of raw material including wood, bamboo, recycled fiber, bagasse, wheat straw, rice husk, etc. are used by the paper mills. Around 40% of the total paper production is from recycled or waste-paper, 30% is from agro-fiber and 30% from forest wood.

DEMAND SUPPLY DYNAMICS

Demand Growth



Market size of paper industry is estimated to have grown at a CAGR of ~4.9% over the period FY 2007-11 to reach ~INR 301 Bn. at the end of FY 2011. Growth in volume coupled with rising prices of paper is likely the reasons for such growth.



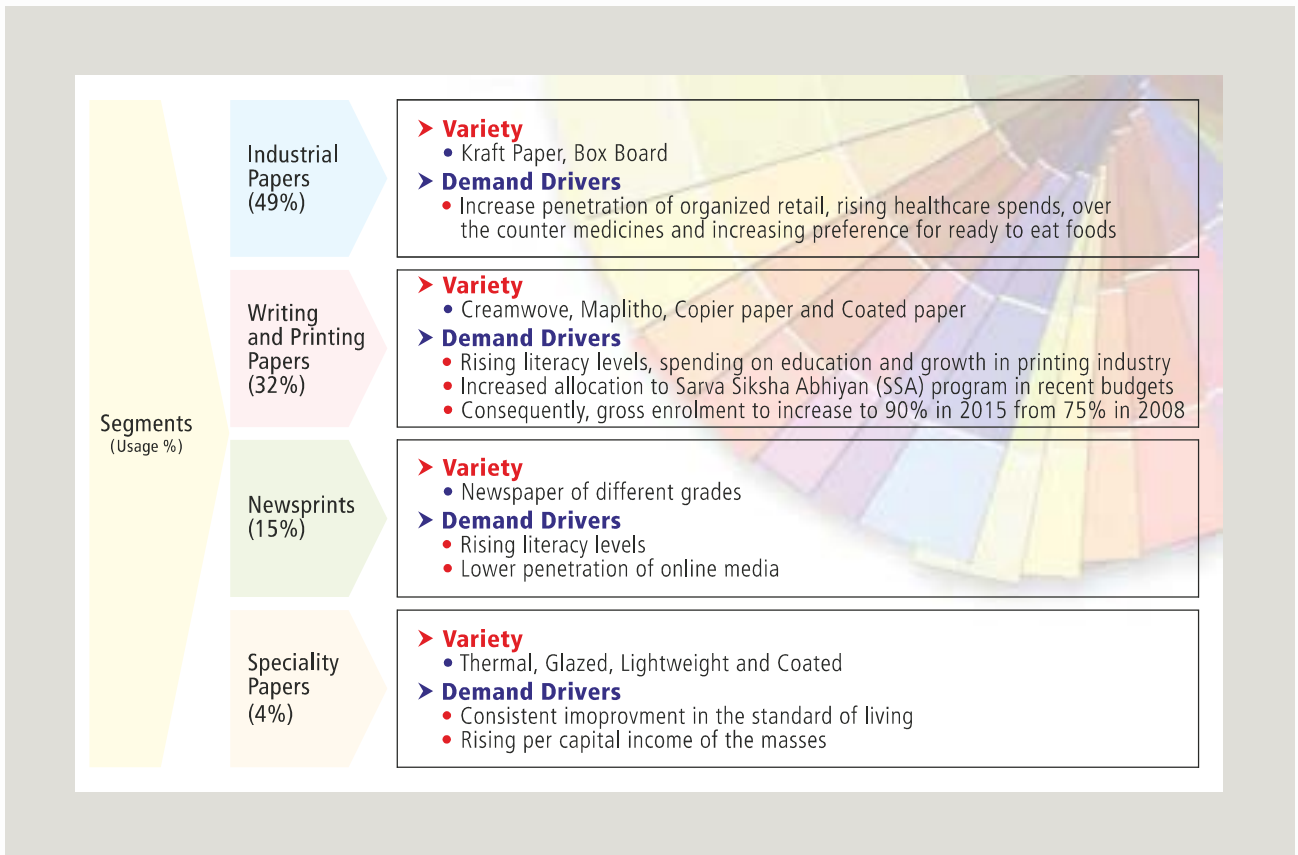
Production of paper has grown at a CAGR of ~5.2% over the period FY 2006-11, increasing from ~4.25 million tonnes in FY 2006 to over 5.49 million tonnes in FY 2011.

Production of newsprint has grown at a meager CAGR of ~0.9% over the period FY 2006-11, and stood at ~0.96 million tonnes at the end of FY 2011.

Demand Drivers :

Growth in the demand for paper in the writing and printing segment depends, to a large extent, on the population growth, level of literacy, extent of spending on education, level of business activity and growth in the printing industry.

Growth in the industrial paper sub-segment depends upon the growth in the packaging industry and industrial production.



Emphasis on education and literacy is also fuelling the growth of various grades of paper products used in varieties of paper stationery. Government initiatives like Right to Education Act, Rashtriya Madhyamik Shiksha Abhiyan and the Sarva Shiksha Abhiyan are likely to boost the demand for paper in the education segment.

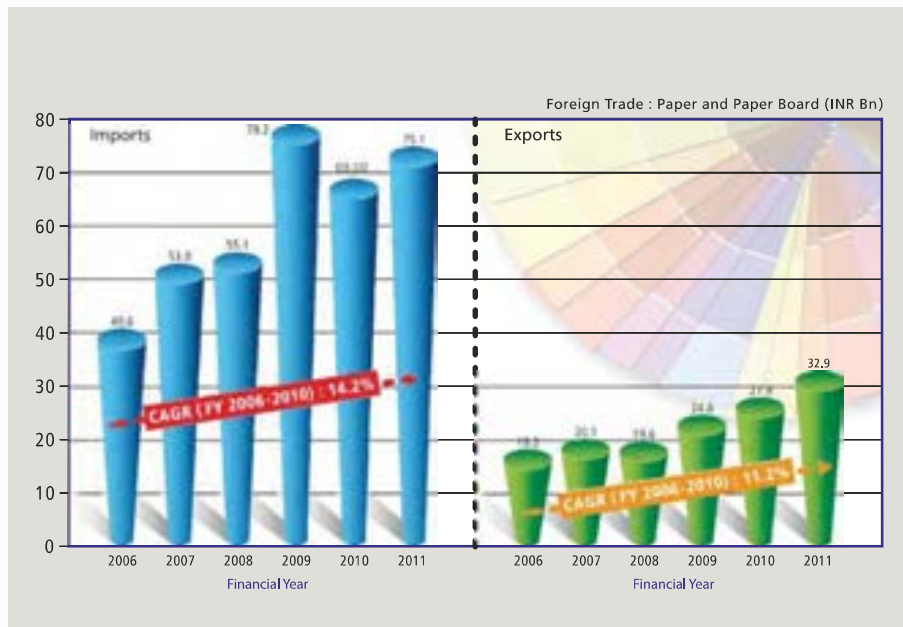
The Government of India has put in INR 850 Bn. under the 11th Five Year Plan period (2007-12) for the expansion of higher education facilities. Revenue allocation for school education was increased by ~16% to INR 310.36 Bn. in the Union Budget 2010-11. In addition, State governments have been provided INR 36.75 Bn. for elementary education under the Thirteenth Finance Commission grants for 2010-11. Various other measures to increase literacy rates are expected to boost the demand especially for writing and paper segment.

Increasing demand and consumption of some specific value added high end products such as cut-papers, liquid packaging paper, photographic paper and tissues are also driving the demand for Specialty Paper.

The per capita consumption of paper in India is only around 9 kgs. as against 260 kgs. in USA, 242 kgs in Japan, 40 kgs. in China and 58 kg average consumption in the world. This shows the wide scope for growth of the pulp and paper industry in India. A small increase of 1 kg in per capita consumption would translate into ~ 1.2 mn MT demand of paper, significant increase in current demand.

Export-Import Scenario :

India's imports mainly consist of pulp, specialty papers, coated papers and newsprints. India was a net importer of paper and paperboard products as well as value added paper products over the period FY 2006-11.



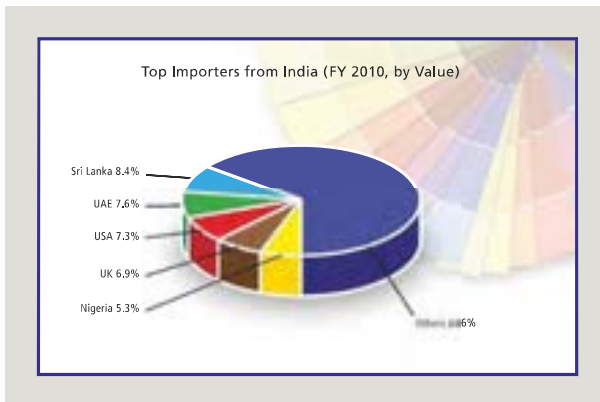
Imports have grown at a CAGR of ~14.2% over the period FY 2006-10, and stood at ~INR 75.1 Bn. at the end of FY 2011. Exports grew at a CAGR of ~11.2% over the period FY 2006-10, and stood at ~INR 32.9 Bn. at the end of FY 2011.



India is a net importer of paper and paper boards, which was registered at ~INR 42.2 Bn. in FY 2011, a decline from the previous year (FY 2009) due to slight decline in imports and rise in exports during the year.



China was the largest exporter of paper and paperboard to India, accounting for ~13.5% of total imports during FY 2010.



Sri Lanka and UAE were the largest importer of paper and paperboard products from India, accounting for ~8.4% and ~7.6% respectively of total imports during FY 2010.

COMPETITIVE SCENARIO :

Nature of Industry

India is the 15th largest paper manufacturer in the world and accounts for ~3% of the global production of paper and paperboard. The paper industry in the country is highly fragmented with more than 600 units, mostly SME's engaged in the manufacture of paper and paperboards and newsprint. Indian paper industry has very few government owned mills and thus is largely dominated by the players from the private sector.

The average size of paper mill in India is around 38,000 MT compared to global average of 400,000 MT. The most of the paper mills are set

up long time back and still continue to use old technology to manufacture papers. Large part of the capital investments in recent years were towards making paper units environment compliances rather than increasing capacity. There are few companies in the sector have expanded the capacity and modernized with new technology.

GOVERNMENT REGULATIONS : Government Initiatives

Indian paper industry is one of the priority sectors. Hence, the Government of India is consistently taking steps to bring the tariffs in line with the ASEAN members.

Paper pulp, paper, paper-board and newsprint industries have been de-licensed.

In paper and pulp sector, Foreign Direct Investment (FDI) up to 100 per cent is allowed through automatic route on all activities except those requiring industrial license from location angle i.e. the project should not be located within 25 kms. from the periphery of city having population more than 1 million.

Conversely, it is made compulsory for the industry to use captive plantation and contract farming. The Government has not accepted the industry's proposal to use degraded forest lands for industrial plantations.

The decision to increase concessional rate of duty to 5% from 4% for paper and articles of paper in the Union Budget 2011-12 is expected

2. COMPANY OVERVIEW

Your company has successfully completed 25 years under the leadership and chairmanship of Shri Ajay Goenka who has more than 34 years of experience in paper industry. Under his leadership, Rainbow has reached the production capacity of 305000 MTPA. Today, your company is manufacturing as many as 200 varieties of paper. To name a few, duplex paper, coated paper, colour paper and board, cast coated paper, crepe paper, fluorescent paper, newsprint, etc. The products have obtained wide acceptability in



India as well as foreign markets. The strategic location of the plant, better infrastructure, good accessibility to the ports has contributed in low cost for imports and exports, thereby enabling an easy access to the global markets.

Your company maintains zero inventory level and follows a “Sale and Produce” policy. The ERP system has been implemented by the company, which additionally aids to operational efficiency while scaling up its operations.

Your company has adopted an efficient lay out plan and different product mix resulting into better utilization of raw material. Rainbow uses sludge from the paper plant which is used as raw material in manufacturing paper board. Further, fly ash generated as by-product from the power plant is utilized in manufacturing bricks. Plastic waste segregated from imported waste is utilized in manufacturing plastic sheets. Thus, optimum utilization of raw materials, improved operating efficiency and augmenting earning margins and elimination of the problem of waste disposal have effectively contributed to the growth of the company.

Your company has also installed De-inking plant imported from Lamort which further aids in improving quality of its products.

Your Company participates in various trade fares all over the world for developing the market for its products and increasing the acceptance of the products all over the world.

Your Company offers a plethora of world class



products ranging from Duplex to File Board, from Writing paper to Art Card and from packaging and electric grade crepe to decorative tissue crepe which has given your company a good recognition among its users who thirst for better and new products. The company with its recent and forthcoming capacity expansions will consolidate its standings as one of the leading paper manufacturing companies in the country.

3. PROPOSED EXPANSION PLANS:

Your company further proposes to increase the present production capacity of 3,05,000 MTPA to 466700 MTPA. This includes the project pertaining to installation of

a) Folding Duplex Board with production capacity of 132,000 MTPA

The total Cost of the Project is ₹ 480 Crores out of which debt portion is approximately ₹ 294 Crores and balance to be funded from Internal Accruals and Fresh Equity infusion. The said new product will enable the company to cater to high margin packaging segment used for packaging of cosmetics, cigarettes, medicines, electrical appliances & FMCG products, etc

b) Mill Modernization with production capacity of 29,700 MTPA

Some of the existing paper machines of the company will be modernized to enhance the net production capacity by 29,700 MTPA. The estimated Project Cost for the said project is ₹ 150 Crores out of which debt

portion is approximately ₹ 75 Crores and balance to be funded from Internal Accruals and Fresh Equity infusion. The Mill modernization project will not only increase the production capacity but also improve the quality of products of the Company.

c) Production of Notebooks & Copier Paper

The company is further making its entry in value added Consumer products segment by manufacturing of Notebooks and Copier paper under the brand name of “Rainbow”.

Out of the total production capacity of 4,66,700 MTPA, notebooks and copier paper will contribute 20,000 MTPA and 7,500 MTPA respectively. The company is planning to penetrate, through building distributorship network initially in states of Gujarat, Maharashtra & Rajasthan. The company is currently evaluating market potential.

4. RISK MANAGEMENT :

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk, compliance risks and people risks.

Foreign Exchange Risk

The Company's policy is to actively manage its long term foreign exchange risk within the framework laid down by the Company's forex policy approved by the Board of Directors.

Interest Rate Risk

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs.

Commodity Price Risk

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all of its products. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods.

Risk Element in Individual Businesses

Apart from the risks on account of interest rate, foreign exchange and regulatory changes, company's businesses are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions on time.

Compliance Risks

The Company is exposed to risks attached to various statutes and regulations. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

People Risks

Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system, training and integration of learning activities.

5. ENVIRONMENT AND SAFETY :

Your Company is conscious of the importance of environmentally clean and safe operations. Your Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the maximum possible.

Your company uses 100% recycled paper for manufacturing its finished products. Thereby giving tremendous support to the environment by protecting the forests.



6. SWOT ANALYSIS :

Strength

Your company is operating paper and paper board production facility with installed capacity of 3,05,000 MTPA at the said location since long and the Promoters of the company have substantial experience of the industry. They are well versed with various aspects of manufacturing and trading of the products. As a result, your company will have advantage to hire and retain competent staff and to manage transport of raw material and finished goods due to its location which is well connected to ports and airports.

Further, your company has well established marketing network to sell the products proposed to be manufactured through the ensuing as well as proposed expansion plans.

Weakness

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 variation in these variables could impact profitability of the company.

Opportunity

- Market size of paper industry is expected to grow at a CAGR of ~5.0% over the period FY 2011-15, to cross INR 366 Bn. mark by the end of FY 2015.
- Increasing use of paper boards in packaging.
- With manufacturing of note book, the company is venturing into manufacturing of stationary items which will open new avenue for the company to cater directly end market which has good potential to grow.
- Your company will join league of few established players manufacturing copier paper in the country.
- Successful marketing of the same will help the company to establish its brand name in corporate sector in the country.

Threats

- Paper Industry is very fragmented and presence of numbers of local players creates stiff competition in particular market. In segment like copier paper, the company has to face competition from established market players also.
- The industry expenditure has been increased substantially in last 2 – 3 years on account of growing demand of the products. However it is important to note that industry is cyclical in nature and sudden increment in capacities can affect negatively demand growth.
- Raw material – waste paper – prices are very volatile in nature and there is no mechanism available to control the same.

7. INTERNAL CONTROL SYSTEMS :

The Company has established and maintained adequate internal controls over the financial reporting. Internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted (GAAP) in India. The Company has an internal control system commensurate with the size and nature of the business. The Audit Committee of the Company provides reassurance to the Board on the existence of an effective internal control environment.

- The internal control includes policies and procedures that:
- Pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to allow for the preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of the management.
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposal of assets that could have a material effect on financial statements; and
- Provide reasonable assurance as to the detection of fraud.

8. 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 endeavors to maintain a positive work environment and constructive relationship with its employees with a continuing focus on productivity and efficiency.

PLACE: AHMEDABAD
DATE : 24TH MAY, 2012

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 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.

9. CAUTIONARY STATEMENT :

Statements in this Director's Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "Forward Looking Statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

AJAY R. GOENKA
CHAIRMAN & MANAGING DIRECTOR



REPORT ON CORPORATE GOVERNANCE

Corporate Governance at Rainbow is a rigorous and a well-established framework that helps to manage the Company's affairs in a fair, accountable and transparent manner. Responsible corporate is integral to the manner that we conduct our business and our actions are governed by values and principles, which are reinforced across all levels within the company. Your company has evolved guidelines and best practices over the years to ensure timely disclosure of information regarding our financials, performance product offerings distribution network and governance.

To succeed, maintain sustainable growth and create long term value requires the highest standards of corporate discipline. Your company continues to focus its resources, strengths and strategies to achieve the vision of becoming a global leader in paper industry while upholding the core values of Quality, Trust, Leadership and Excellence.

1. COMPANY'S PHILOSOPHY ABOUT CORPORATE GOVERNANCE:

Our governance philosophy rests on five tenets:

- Board accountability to the Company and shareholders.
- Strategic guidance and effective monitoring by the board.
- Protection of minority interests and rights.
- Equitable treatment to all shareholders.
- Superior transparency and timely disclosure.

Your company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which for the financial year ended March 31, 2012 are as follows:

2. BOARD OF DIRECTORS:

An active, informed and independent Board is necessary to ensure highest standards of Corporate Governance. The primary role of the Board is to safeguard and enhance shareholders value through effective functioning of the Company. The Board lays down business strategy, sets strategic goals and seeks accountability for their fulfillment. The Board provides strategic direction to the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Board is assisted by the Managing Director/ Senior Management Personnel's in ensuring effective functioning of the Company.

(a) Composition of Board of Directors:

The Company has a balanced mix of executive and non-executive independent Directors. The Board presently consists of five Directors, out of which one is Chairman & Managing Director, one Executive Director and three others are Non-executive independent Directors. The Chairman of the Board is an Executive Director and 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 Rahul Maheshwari	Executive	Executive Director
3.	Shri Shashikant Thakar	Non-executive	Independent Director
4.	Shri Rajendra Patawari	Non-executive	Independent Director
5.	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 55 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 200 different varieties of paper, having total production capacity of 3,05,000 MT per annum as on date. He has a rich experience of 34 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. RAHUL MAHESHWARI Executive Director

Mr. Rahul Maheshwari, aged 36 years, is Bachelor of Commerce & ICWA. He was working with the Company since 2003 and lastly as Vice President. Thereafter, he was appointed as Whole-Time Director. He is having experience of 9 years in field of marketing, purchase and exports.



MR. SHASHIKANT THAKAR Independent Director

Mr. Shashikant Thakar, aged 57 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 the Chairman of the Audit Committee of the Board of Directors of the Company.



MR. RAJENDRA PATAWARI Independent Director

Mr. Rajendra Patawari, aged 40 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.



MR. KANTIBHAI PATEL Independent Director

Shri Kantibhai H. Patel aged 65 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 area of practice includes Labour Law and Criminal Law (Management) side. He is the Chairman of the Remuneration & Compensation committee and Shareholders / Investors Grievance Committee of the Board of Directors of the Company.

(C) Boards' Procedure:

Agenda of the Board Meeting and Notes on Agenda are circulated to the Directors well in advance of each Board Meeting. At the Board Meeting, elaborate presentations are made to the Board. The Members of the Board discusses each agenda item freely in detail.

Your Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs and the business requirements of the Company.

(d) Number Of Board Meetings:

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

07.05.2011	26.05.2011	20.06.2011	07.07.2011	20.07.2011	08.08.2011
30.08.2011	19.09.2011	05.10.2011	12.11.2011	10.02.2012	15.03.2012

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) Details of Attendance of Directors In The Board Meeting And General Meeting Along With Other Directorship And Membership In Committees:

The names and categories of the directors on the board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies and Shareholdings are given below :-

Name of the Director	Director Identification Number	Category	No. of Board Meeting held during their tenure in 2011-12	No. of Board Meeting attended	Attendance in last AGM	Number of Directorship In Other public companies as on 31-03-2012		Details of Committee positions held in other public companies as on 31-03-2012		Share-holding
						Chairman ship	Mem bers hip	Chair man ship	Mem bers hip	
Mr. Ajay R. Goenka	00139512	Chairman & Managing Director	12	12	Yes	-	-	-	-	Equity Shares of face value of ₹ 2/- each 11,23,250
Mr. Rahul J. Maheshwari #	00289730	Executive Director	5	5	Yes	-	-	-	-	100
Mr. Manish R. Bagadia*	02009864	Executive Director	7	5	N.A.	N.A.	N.A.	N.A.	N.A.	-
Mr. Bhasker G. Bhatt *	02887459	Independent Director	9	6	Yes	N.A.	N.A.	N.A.	N.A.	2,000
Mr. Rajendra V. Patawari	02090538	Independent Director	12	9	Yes	-	-	-	-	2,000
Mr. Shashikant N. Thakar	02887471	Independent Director	12	8	Yes	-	-	-	-	-
Mr. Kantibhai H. Patel	02325787	Independent Director	12	8	Yes	-	3	-	-	-

Mr. Rahul Maheshwari was appointed on the Board w.e.f. 30th August, 2011.

* Mr. Manish Bagadia & Mr. Bhasker G. Bhatt tendered their resignation on 30th August, 2011 & 5th October, 2011 respectively.

(f) 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 Executive Officer and the Company Secretary.
5. Show cause, demand, prosecution 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 share transfer etc.
15. Risk Management policies of your Company.

(g) Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management personnel of your Company, which is also uploaded on the website of the Company. The Code is derived from inter-linked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. All Board Members and Senior Management personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Managing Director affirming the compliance with the Code of Conduct by the Board members and Senior Management personnel of the company is attached and forms part of this report.

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 :

The Board has constituted an Audit Committee in terms of Section 292A of the Companies Act, 1956 and Clause 49 II (A) of the Listing Agreement with the Stock Exchange. The Audit Committee of the Company meets before the finalisation of accounts each year and also meets every quarter to review the financial results of the previous quarter before the same is approved at Board Meeting, as required under Clause 41 of the Listing Agreement. The Audit Committee may also meet from time to time if called by the Chairman.

The Audit Committee has been vested with the following powers:

- To investigate any activity within its terms of reference:
- To seek information from any employee:
- To obtain outside legal or other professional advice:
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

a) Terms Of Reference:

- The Audit Committee reviews the reports of the Internal Auditor with Statutory Auditors periodically and discusses their findings. The role of the Audit Committee is 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, about the 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, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- Carrying out any other function as in mentioned in the terms of reference of the Audit Committee.

The Audit Committee 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 Shashikant N. Thakar	Independent Director	Chairman	5	5
2.	Shri Rajendra Patawari	Independent Director	Member	5	3
3.	Shri Bhasker Bhatt (up to 05.10.2011)	Independent Director	Member	3	3
4.	Shri Kantibhai Patel (w.e.f 12.11.2011)	Independent Director	Member	1	0

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, five meetings of Audit Committee were held on 7th May, 2011; 8th August, 2011; 30th August, 2011; 12th November, 2011 and 10th February, 2012, to consider, discuss and review the quarterly results, annual accounts and other financial matters to be placed before the Board for their approval.

(B) Remuneration & Compensation Committee :

The company has constituted a Remuneration Committee. The broad terms of reference of the Remuneration Committee are as follows:

- Review the performance of the Managing Director and the Whole-time Directors, after considering the Company's performance.
- Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director and Whole-time Directors.
- Finalise the perquisites package of the Managing Director and Whole-time Directors within the overall ceiling fixed

by the Board.

- Recommend to the Board, retirement benefits to be paid to the Managing Director and Whole-time Directors under the Retirement Benefit Guidelines adopted by the Board.

a) Remuneration Policy :

Remuneration of employees consists of fixed and variable components and performance related incentives. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and retain talent in the organization and record merit.

b) Composition Of The Remuneration Committee:

The Remuneration Committee consists of 3 Independent Directors as on 31.03.2012:-

Sr. No.	Name of Director	Category of Directorship	Committee Position Held
1.	Shri Kantibhai Patel	Independent Director	Chairman
2.	Shri Rajendra Patawari	Independent Director	Member
3.	Shri Bhasker Bhatt (Up to 05.10.2011)	Independent Director	Member
4.	Shri Shashikant Thakar (w.e.f. 12.11.2011)	Independent Director	Member

c) Meetings And Attendance:

During the year under review, one meeting of the remuneration committee was held on 30th August, 2011.

Sr. No.	Name of Director	Committee Position Held	No. of Meetings held	No. of Meetings attended
1.	Shri Kantibhai Patel	Chairman	1	0
2.	Shri Rajendra Patawari	Member	1	1
3.	Shri Bhasker Bhatt (Up to 05.10.2011)	Member	1	1
4.	Shri Shashikant Thakar (w.e.f. 12.11.2011)	Member	0	0

d) Details Of Remuneration Paid To The Directors:

(₹ In Lacs)

Name	Designation	Particulars					
		Salary	Contribution To Provident Fund	Perquisites	Total	Service Contract	Period of Contract
Ajay Goenka	Chairman & Managing Director	90.00	0.09	1.08	91.17	5 years	21.08.08 to 20.08.13
*Manish Bagadia (up to 30.08.2011)	Executive Director	13.97	0.04	-	14.01	-	01.09.10 to 30.08.11
*Rahul Maheshwari (w.e.f. 30.08.2011)	Executive Director	13.90	0.06	-	13.96	3 years	30.08.11 to 29.08.14

e) 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 (₹)
1	Shri Rajendra Patawari	Independent Director	Rs. 26,500/-
2	Shri Shashikant Thakar	Independent Director	Rs. 24,000/-
3	Shri Bhasker Bhatt	Independent Director	Rs. 18,000/-
4	Shri Kantibhai Patel	Independent Director	Rs. 15,000/-

(C) Shareholders/investors Grievance Committee:

a) Composition & Attendance At Meeting:

During the year under review, six meetings of Committee were held on, 15th April, 2011; 5th September, 2011; 28th September, 2011; 1st December, 2011; 17th January, 2012 and 5th March, 2012 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 Ajay R. Goenka	Managing Director	Member	6	6
2.	Shri Bhasker G. Bhatt (Up to 05.10.2011)	Independent Director	Chairman	3	3
3.	Shri Manish Bagadia (up to 30.08.2011)	Executive Director	Member	1	1
4.	Shri Rahul Maheshwari (w.e.f. 30.08.2011)	Executive Director	Member	5	5
5.	Shri Kantibhai Patel (w.e.f. 12.11.2011)	Independent Director	Chairman	3	3

b) Terms of Reference of the Committee:

The Board has clearly defined the terms of reference for this committee, which generally meets once a month. The committee looks into the matters of Shareholder/Investor grievance along with other matters listed below:

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.

e. To fix record date/book closure of share/debenture transfer book of the company from time to time.

f. To appoint representatives to attend the General meeting of other companies in which the company is holding shares.

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

Smt. Runel Rathi, 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 01.04.2011	Nil
Complaints received during the year	6
Total :	6
Complaints Redressed during the year	6
Closing Balance as on 31.03.2012	Nil

4. GENERAL BODY MEETINGS:

(i) Details of Annual General Meetings:

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

Year	AGM	Location	Date	Time
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.
2010-11	25th AGM	Ahmedabad Textiles Mills Association (ATMA) hall, Ashram Road, Ahmedabad – 380 009	27th September, 2011	11.00 a.m.

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

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

Date of Meeting	AGM	Section(s)	Particulars of Special Resolution
23/09/2009	AGM	-	NIL
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 Agrawal, 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	Section(s)	Particulars of Special Resolution
		314, 314 [1b]	Increase in remuneration of Ms. Niyati Agrawal, 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 (GDR's) / American Depository Receipts (ADR's) or Foreign Currency Convertible Bonds (FCCB) (hereinafter referred to as 'Securities') for an aggregate sum of ₹ 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
27/09/2011	AGM	314	To increase remuneration of Ms. Niyati Agrawal, Senior Vice President, with effect from 1st October, 2011.
		314	To increase remuneration of Mrs. Sangeeta Goenka, Senior Vice President, with effect from 1st October, 2011
		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 (GDR's) / American Depository Receipts (ADR's) or Foreign Currency Convertible Bonds (FCCB) (hereinafter referred to as 'Securities') for an aggregate sum of ₹ 750 Crores.

(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 Practicing 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, 2011	29th July, 2011
30th September, 2011	19th October, 2011
31st December, 2011	23rd January, 2012
31st March, 2012	17th April, 2012

6. DISCLOSURES :

(a) Basis of Related Party Transactions

No significant Related Party Transactions has been entered into by the company with the promoters, directors or the management, their subsidiaries or relatives, etc. that may have a potential conflict with the interest of the company.

A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of the Notes to the Accounts in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

Your Company places all the relevant details before the Audit Committee periodically.

(b) Details of Non-Compliance by the Company

There were no penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

(c) Compliances

- I. Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India is annexed to the Director's Report and forms part of the Annual Report.
- II. Details of the Director's seeking appointment/reappointment has been provided in the notice of AGM. 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.
- III. Details of shareholder's complaints received, number of shares transferred during the year and the time taken for processing these transfers are furnished in the "Shareholder/ Investor Grievance Committee" section of this Annual Report.

(d) Compliance on Accounting Standards

The Guidelines/Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) are duly complied by the company in preparation and presentation of financial statements.

(e) Risk Management

Your Company has a comprehensive risk management policy. Your Company has laid down procedures to inform Board members about the risk assessment and

minimization procedures. These procedures are periodically reviewed to ensure that executive management controls the risks through properly defined framework.

The Audit Committee, which has been designated by the Board for the purpose, reviews the adequacy of the risk management framework of the company, the key risks associated with the businesses of the Company and the measures and steps in place to minimize the same, and thereafter the details are presented to and discussed at the Board Meeting. The risk management issues are discussed in the Management Discussion and Analysis Report.

(f) Capital Issues:

During the financial year, the company has made preferential allotment of 40,00,000 equity shares of ₹ 61/- each (Face Value of ₹ 2/- each) and 60,00,000 convertible warrants of ₹ 61/- each, convertible into equity shares within a period of 18 months to one of its promoter group company on 30th August, 2011. The listing & trading permission for the same have been received from BSE & NSE.

(g) 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 shares of the company and cautioning them of the consequences of violation.

(h) Subsidiary Companies

The Company has two wholly owned subsidiaries but neither of them are material – non listed within the meaning of the explanation given in Explanation 1 of Clause 49(II) of the Listing Agreement with the Stock Exchanges. The Audit Committee reviews the financial

statements and, in particular, the investments made by the unlisted subsidiary companies.

(i) Voluntary Guidelines- 2009

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on ‘Corporate Governance’ and ‘Corporate Social Responsibility’ in December, 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving highest standards of Corporate Governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this report. The other provisions of these guidelines are being evaluated and your company will strive to adopt the same in a phased manner.

(j) Whistle Blower Policy

Presently, the Company does not have any whistle blower policy.

7. MANAGING DIRECTOR CERTIFICATION:

A certificate duly signed by the Chairman & Managing Director relating to financial statements, internal controls and internal control systems for financial reporting as per the format provided in Clause 49 of the Listing Agreement was placed before the Board and was taken on record.

8. MEANS OF COMMUNICATION:

(a) Quarterly/Half Yearly Results:

The quarterly and annual results are generally published in the “Economic Times” and “Business Standard” and also displayed on the website of the Company www.rainbowpapers.com shortly after submission to the Stock Exchanges.

(b) Presentation to Institutional Investors or to analysts:

Official news releases and presentations made to Institutional Investors and analysts are posted on the Company's website.

(c) Management Discussion and Analysis Report:

Management Discussion and Analysis Report forms part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment /product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

(d) NEAPS:

The Company files the quarterly results in the NSE Electronic Application Processing System (NEAPS). The quarterly results of the Company are also available on the website of The Bombay Stock Exchange Limited and National Stock Exchange of India Limited viz. www.bseindia.com and www.nseindia.com. respectively.

(e) Company's Corporate Website:

The Company's website www.rainbowpapers.com is a comprehensive reference on rainbow paper's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investors' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars, share transfer agents and frequently asked questions. Investors can also submit their queries and get feedback through online interactive forms. The section on 'Media' includes all major press reports and releases, awards, campaigns.

(f) Reminder to Investors:

Reminders for unpaid dividend are sent to the shareholders as per records.

9. ADDITIONAL INFORMATION FOR SHAREHOLDERS:

1) Annual General Meeting:

The details of the 26th Annual General Meeting to be held is as under:-

Date : 27th September, 2012

Day : Thursday

Time : 11.00 A.M.

Venue : Ahmedabad Textiles Mills Association (ATMA) Hall, Ashram Road, Ahmedabad-380 009

2) Financial Calendar:

Financial Year: Ending on 31st March.

Financial Calendar (Tentative)

Quarter	Tentative Dates of Board Meeting for (F.Y.2012-13)
1 st Quarter Results	Mid of August, 2012
2 nd Quarter Results	Mid of Nov., 2012
3 rd Quarter Results	Mid of February, 2013
4 th Quarter Results	Mid of May, 2013

3) Book Closure Date:

The Shares Transfer books and Register of Members will remain closed from 21st September, 2012 to 27th September, 2012 (both days inclusive).

4) Dividend Payment Date:

The Dividend for the year ended 31st March, 2012 will be paid to the members whose names will appear on the Register of Members of the Company on 21st September, 2012, after giving effect to all

valid transfer of shares in physical form lodged with the Company on or before 20th September, 2012, 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, 2012. Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting i.e. 27th September, 2012.

5) Listing on Stock Exchanges:

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

a) Overseas Depository for GDR's : **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

b) Domestic Custodian of GDR's : **DBS Bank Limited**

Securities Services, 5th Floor,
Fort House, 221, Dr. D.N. Road
Mumbai – 400 001, India.
Tel: (022) 66 388 888

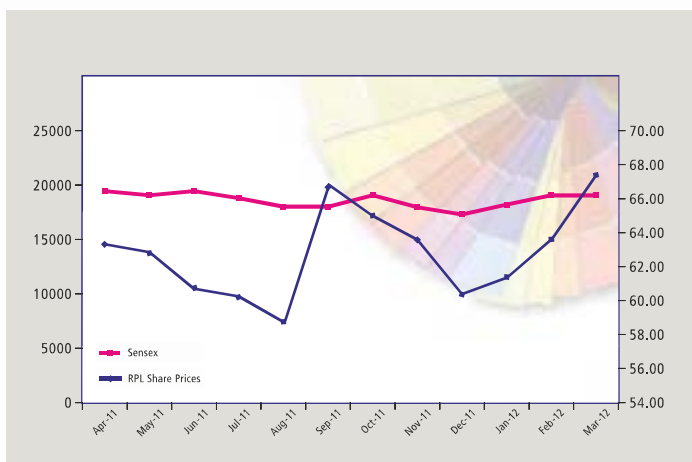
7) Stock Code

(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 (GDR's)	
Luxembourg Stock Exchange – Stock Code	US7508461073
ISIN No. for GDR's	US7508461073

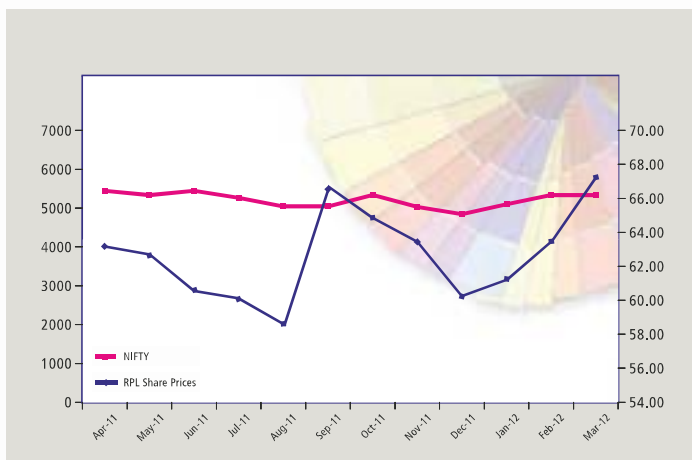
8) *Share Prices Data:

Month	Price High (In ₹)	Price Low (In ₹)	Volume (No. of Shares)	Price High (In ₹)	Price Low (In ₹)	Volume (No. of Shares)
Apr-11	66.00	61.75	1711085	65.50	61.25	1733696
May-1	65.00	60.90	1296051	64.40	60.95	1311253
Jun-11	64.95	60.50	1595440	64.00	60.00	1536466
Jul-11	66.00	59.10	2279435	69.80	59.00	2247239
Aug-11	69.20	55.00	3714800	61.50	54.95	6485474
Sep-11	69.50	58.00	2212396	69.60	57.70	2234077
Oct-11	66.90	62.75	1162383	66.85	62.75	1138003
Nov-11	69.30	59.55	1685026	66.45	59.20	1675195
Dec-11	64.50	58.25	3541011	64.30	58.50	3389369
Jan-12	63.10	59.50	1500961	63.10	55.20	1375064
Feb-12	66.25	60.70	1541082	68.00	60.90	1512359
Mar-12	70.00	63.65	2695502	68.25	63.90	3671958

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



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



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

9) 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 2012 the dividend for the year ended March 31, 2005 which have remained unclaimed / unpaid.

	Financial Year	Amount (₹)
1.	2004-05	2,08,328.60
2.	2005-06	1,48,584.00
3.	2006-07	1,48,332.80
4.	2007-08	1,98,916.80
5.	2008-09	2,35,704.95
6.	2009-10	1,95,272.00
7.	2010-11	2,00,908.40

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

During the year under review, the Company has credited ₹ 73,506/- (Unclaimed Dividend for the year 2003-04), lying in the unpaid / unclaimed dividend account, 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.

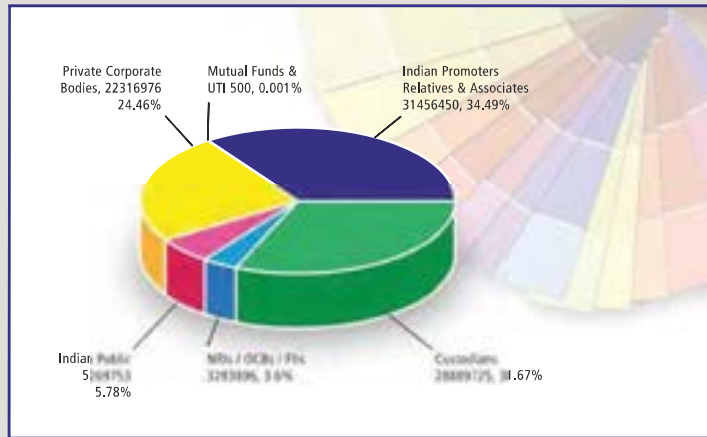
Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates etc. should be signed by the first named shareholder. Shareholders who hold shares in dematerialized form should correspondence with the Depository participant with whom they have opened Demat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

10) Distribution of Holdings as on 31st March, 2012:

Category	As on 31st March, 2012			
	No. of Shareholders		No. of Shares	
	Total	%	Total	%
1 - 2500	3673	96.43	1900886	2.08
2501 - 5000	56	1.47	217051	0.24
5001 - 10000	17	0.45	132821	0.15
10001 - 15000	9	0.24	120700	0.13
15001 - 20000	4	0.10	72556	0.08
20001 - 25000	2	0.05	42980	0.05
25001 - 50000	11	0.29	467838	0.51
50001 - and above	37	0.97	88262468	96.76
TOTAL	3809	100.00	91217300	100.00

11) Shareholding Pattern of the Company as on 31st March, 2012:

Category	No. of Shares held	% of Share Holding
1) Promoters Holding:		
(I) Indian Promoters relatives & associates (including Body Corporate)	31456450	34.49
(ii) Foreign Promoters :	—	—
Sub Total (A)	31456450	34.49
2) Non Promoters Holding:		
(i) Mutual Funds and UTI	500	—
(ii) Banks & Financial Institutions	—	—
Sub Total (B)	500	0.00
3) Others		
(i) Private Corporate Bodies	22316976	24.46
(ii) Indian Public	5269753	5.78
(iii) NRI's / OCB's / FII's	3283896	3.60
Sub Total (C)	30870625	33.84
4) Shares held by Custodians and against which Depository Receipts have been issued (GDR's)		
	28889725	31.67
Sub Total (D)	28889725	31.67
Grand Total (A+B+C+D)	91217300	100.0



Shareholding of the Company as on 31st March, 2012

12) Dematerializations of shares and liquidity:

As on 31st March, 2012, 98.82% of the total Equity Shares are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The details of which is as under:-

Mode of Holding	No. of Shares	% of Holding
DEMAT	90143395	98.82
PHYSICAL	1073905	1.18
TOTAL	91217300	100.00

13) Outstanding Global Depository Receipts (GDR's):

Outstanding GDR's for conversion into Equity Shares as on 31st March, 2012 are 2,88,89,725 amounting to 31.67% of outstanding paid-up Capital of the Company. Each GDR represents one underlying Equity Share.

14) Plant Locations:

1453, 1423 VILLAGE : RAJPUR,
TAL: KADI,
DIST. MEHSANA
NORTH GUJARAT

15) Address for correspondence

a) Company

**Smt. 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,
Ellis Bridge, Ahmedabad – 380 006.
Telephone Nos.: (079) 26582381 – 84
Fax No. : (079) 26582385
Email : sharepro@shareproservices.com

16) Other information to the shareholders :

a) Dividend History for the Last 10 years:

Financial Year	Dividend Date	Rate	Financial Year	Dividend Date	Rate
2010-11	27-09-2011	20%	2005-06	26-09-2006	16%
2009-10	08-07-2010	20%	2004-05	29-09-2005	14%
2008-09	23-09-2009	16%	2003-04	29-09-2004	5%
2007-08	22-09-2008	16%	2002-03	27-09-2003	5%
2006-07	21-09-2007	16%	2001-02	26-09-2002	-

b) Bank Details:

Shareholders holding in the physical form are requested to notify/send the following details to Sharepro Services (India) Private Limited to facilitate better servicing :-

- any change in their address/mandate/bank details, and

Shareholders are advised that respective bank details and address as furnished by them or by Depositories to the Company, for shares held in the physical form and in the dematerialised form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

c) National - Electronic Clearing Service (NECS) Facility :

As per RBI notification, with effect from 1st October, 2009, the remittance of dividend through Electronic Credit Service (ECS); is replaced by National Electronic Clearing Service (NECS). Shareholders were requested by the Company to intimate their Folio No(s), Name and Branch of the Bank in which they wish to receive the dividend, the Bank Account type, Bank Account Number allotted by their banks after implementation of Core Banking Solutions (CBS) and the 9 digit MICR Code Number.

Shareholders who have already intimated the above information to the Depository Participants (DP's)/Registrars of the Company ("Registrars") pursuant to the above Circular need not take any further action in this regard.

Shareholders who have not intimated the DP's/Registrars are once again requested to intimate the above information in respect of shares held in electronic form to the DPs and in respect of shares held in physical form, to the Registrars at their address.

Those Shareholders who do not wish to avail of the NECS facility, are requested to furnish to the DP's/Registrars, the Name and Branch of the Bank and the Bank Account Number allotted by their banks after implementation of Core Banking Solutions, which will be printed on the warrants.

d) Green Initiative :

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India, by its recent Circulars, enabling electronic delivery of documents including the Annual Report, Quarterly, Half-yearly results etc. to shareholders at their e-mail address previously registered with the Depository Participants (DP's)/Company/Registrars & Share Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DP's. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Sharepro Services (India) Private Limited, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

e) Depository Services :

Shareholders may write to the respective Depository or to Sharepro Services (India) Private Limited for guidance on depository services. Address for correspondence with Depositories are as follows:

- 1) National Securities Depository Limited - Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai- 400 013. Telephone: (022) 2499 4200, Facsimile: (022) 2497 6351, E-mail: info@nsdl.co.in, Website: www.nsdl.co.in
- 2) Central Depository Services (India) Limited - Phiroze Jeejeebhoy Towers, 17th Floor, Dalai Street, Mumbai -400 001. Telephone: (022) 2272 3333, Facsimile: (022) 2272 3333 E-mail: investors@cDSLindia.com, Website: www.cdslindia.com.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

PLACE: AHMEDABAD
DATE : 24th MAY, 2012

AJAY R. GOENKA
CHAIRMAN AND MANAGING DIRECTOR

CERTIFICATE BY MANAGING DIRECTOR

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2012 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 : 24th MAY, 2012

AJAY R. GOENKA
CHAIRMAN AND MANAGING DIRECTOR

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

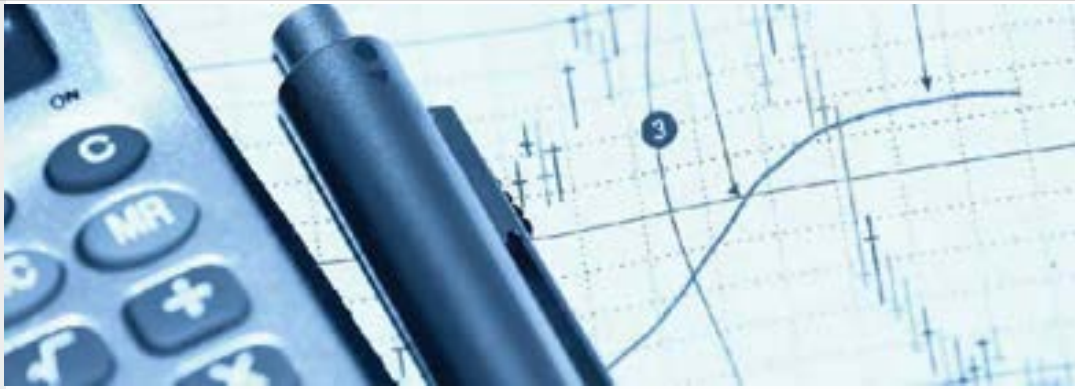
To
The Members
Rainbow Papers Limited

1. We have reviewed the implementation of Corporate Governance by Rainbow Papers Ltd. ("the Company") during the year ended 31st March, 2012, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. 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.
3. 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.
3. We state that no major investor grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee and certified by the Company.
4. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material aspects by the Company.

For, Talati & Talati
Chartered Accountants
Firm Reg. No. 110758W

Anand Sharma
Partner
Membership No. 129033

Place : Ahmedabad
Date : 24th May, 2012



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
Rainbow Papers Limited,
Ahmedabad

1. We have audited the attached Consolidated Balance Sheet of Rainbow Papers Limited (“the Company”) and its Subsidiaries (collectively referred as ‘the Rainbow Group’) as at 31st March, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Company. 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary viz. Rainbow Papers JLT, whose financial statements reflect total assets of ₹ 3228.80 Lacs as at 31st March, 2012, total revenue of ₹ 14489.86 Lacs and net cash inflow amounting to ₹ 3.12 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company’s management in accordance with the requirements of the Accounting Standard (AS) 21 - Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements / consolidated financial statements of Subsidiaries and to the best of our information and according to the explanations given to us , we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Rainbow Group as at March 31, 2012;
- (ii) in the case of consolidated profit and loss account, of the profit for the year ended on that date; and
- (iii) In the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

For TALATI & TALATI
Chartered Accountants
(Firm Regn. No 110758W)

(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 24th May, 2012

BALANCE SHEET

RAINBOW PAPERS LIMITED

Consolidated Balance Sheet as at 31st March 2012

(₹ in Lacs)

Particulars	Note No	As at March 31,2012	As at March 31,2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	1824.35	1744.35
(b) Reserves and Surplus	3	30269.49	23741.77
(c) Money received against share warrants		915.00	-
		33008.84	25486.12
(2) Share application money pending allotment		-	3015.00
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	34625.94	26378.56
(b) Deferred tax liabilities (Net)	5	2387.85	2081.11
(c) Long term provisions	6	113.60	68.04
		37127.39	28527.71
(4) Current Liabilities			
(a) Short-term borrowings	7	12429.72	6917.17
(b) Trade payables	8	7018.01	4501.65
(c) Other current liabilities	9	12322.41	10919.39
(d) Short-term provisions	10	529.00	453.40
		32299.14	22791.61
Total		102435.37	79820.44
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	30984.44	29281.95
(ii) Capital work-in-progress	12	38559.96	23333.06
(iii) Assets held for sale		-	94.55
(b) Non-current investments		-	-
(c) Long term loans and advances	13	3380.47	6155.79
		72924.87	58865.35
(2) Current assets			
(a) Inventories	14	8200.40	4959.94
(b) Trade receivables	15	8657.80	4879.35
(c) Cash and bank balances	16	4170.95	7654.20
(d) Short-term loans and advances	17	8481.35	3461.60
		29510.50	20955.09
Total		102435.37	79820.44

The accompanying notes are an integral part of these financial statements.1 to 34

As per our separate report of even date attached.

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

Anand Sharma
Partner
Mem. No. 129033
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka Chairman & Managing Director
Rahul Maheshwari Executive Director
Rajendra Patawari Director
Shashikant Thakar Director
Kantibhai Patel Director
Runel Rathi Company Secretary

Place : Ahmedabad
Date : May 24, 2012

STATEMENT OF PROFIT & LOSS

RAINBOW PAPERS LIMITED

(₹ in Lacs)

Consolidated Statement of Profit and Loss for the year ended 31 March 2012

Particulars	Note No	For the year ended March 31,2012	For the year ended March 31,2011
I. Revenue from operations		61077.64	39572.21
Less : Excise duty		952.28	753.76
Revenue from operations (Net)	19	60125.36	38818.45
II. Other income	20	171.53	761.02
III. Total Revenue (I +II)		60296.89	39579.47
IV. Expenses:			
Cost of materials consumed	21	21895.09	18810.39
Purchase of stock-in-trade		15189.77	236.42
		37084.86	19046.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(1328.92)	(140.53)
Employee benefit expense	23	1553.46	1100.97
Finance costs	24	2857.87	1758.79
Depreciation and amortization expense	11	2570.45	2780.46
Other expenses	25	12099.10	10483.03
IV. Total Expenses		54836.82	35029.53
V. Profit before exceptional and extraordinary items and tax (III-IV)		5460.06	4549.94
VI. Prior period item		4.71	(1.10)
VII. Exceptional items	26	(8.47)	(4.64)
VIII. Profit/(Loss) before tax (V - VI-VII)		5456.30	4544.20
IX. Tax expense:			
Current tax		864.15	929.47
Less: MAT credit entitlement		(318.84)	(755.51)
Net current tax liability		545.31	173.96
Deferred tax		306.74	660.09
X. Profit/(Loss) for the period (VIII-IX)		4604.25	3710.15
XI. Earning per equity share: (Face value of ₹ 2 per share) (Refer Note No 32)			
(1) Basic		5.14	4.25
(2) Diluted		4.95	4.25

The accompanying notes are an integral part of these financial statements.1 to 34

As per our separate report of even date attached.

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

Anand Sharma
Partner
Mem. No. 129033
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka Chairman & Managing Director
Rahul Maheshwari Executive Director
Rajendra Patawari Director
Shashikant Thakar Director
Kantibhai Patel Director
Runel Rathi Company Secretary

Place : Ahmedabad
Date : May 24, 2012

CASH FLOW STATEMENT

RAINBOW PAPERS LIMITED

(₹ in Lacs)

Consolidated Cash Flow Statement for the year ended on 31-3-2012

	31-03-2012	31-03-2011
A. Cash Flow from Operating Activities		
Net profit before extra ordinary items	5,460.05	4,549.94
Adjustment For:		
Provision for wealth tax	0.63	0.04
Depreciation & amortization expenses	2,570.45	2,780.46
Sundry balances written back	(3.48)	-
Finance costs	2,857.85	1,585.29
Dividend received	-	(0.02)
Profit on sale of Investment	-	(2.90)
Loss/(Profit) on Sale of Assets	78.08	(680.95)
Effect of exchange rate change	6.17	-
Operating profit before working capital changes	10,969.77	8,231.86
Adjustment For:		
Increase /(decrease) in trade payables	2,516.38	(531.35)
Increase /(decrease) in current liabilities and provisions	398.76	915.45
(Increase) /decrease in inventories	(3,240.49)	(1,593.51)
(Increase) /decrease in trade receivables	(3,778.46)	(935.53)
Cash generated from operating activities	6,865.95	6,086.93
Net prior year adjustment on account of subsidiaries	(0.05)	
Direct tax paid	(766.52)	(932.05)
Cash flow before extra-ordinary items	6099.38	5,154.88
Extra-ordinary Items:		
Excess provision written back	8.47	(4.64)
Prior period expenses	(4.71)	(1.11)
	-	-
Net cash flow from operating activities	6,103.14	5,149.13
B. Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress)	(18,571.73)	(18,730.22)
Sales of fixed assets	73.60	779.42
Movement in loans & advances	(2,011.22)	(884.64)
Investments in subsidiaries	-	-
Sale of investment	-	5.04
Dividend received	-	0.02
Interest income	197.64	265.32
Net cash flow from investing activities	(20,311.71)	(18,565.07)
C. Cash flow from financing activities		
Proceeds from long term borrowings	23,254.82	12,455.19
Repayment of long term borrowings	(15,007.41)	(5,250.98)
Short term borrowings (net)	5,329.22	956.57
Proceeds from Share application money	-	3,015.00
Re-payment of Share application money	(575.00)	-
Issue of share warrants	915.00	-
Interest paid	(2,767.82)	(1,850.60)
Dividend paid (including dividend distribution tax)	(423.49)	(410.97)
Net cash flow from financing activities	10,725.33	8,914.19
Net change in cash & cash equivalents(A+B+C)	(3,483.25)	(4,501.74)
Opening balance - cash and cash equivalent	7,654.20	12,155.95
Closing balance - cash and cash equivalent	4,170.95	7,654.20

(₹ in Lacs)

Note :

1. CASH AND CASH EQUIVALENTS:	31-03-2012	31-03-2011
Balance with Banks :		
- In Collection accounts	49.83	45.07
- In Current accounts	23.56	506.44
- In EEFC accounts	0.45	42.86
- Deposits with foreign bank	3203.49	6239.65
Cash on hand	6.13	6.68
Other bank balances:		
- In Dividend Accounts	13.36	12.79
- In Margin Money**	874.13	800.71
Total	4170.95	7654.20

2 Cash & Cash Equivalents for the year ended March 31, 2012 includes unrealised Gain / (Loss) of (₹ 391.46 Lacs) (PY (₹ 12.78 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)

Anand Sharma
Partner
Mem. No. 129033
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka	Chairman & Managing Director
Rahul Maheshwari	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Runel Rathi	Company Secretary

Place : Ahmedabad
Date : May 24, 2012

Note-1: SIGNIFICANT ACCOUNTING POLICIES:

1) Principles of consolidation:

- a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) on “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India and on the basis of separate audited Financial Statements of Rainbow Paper Limited and its subsidiaries.
- b) The Consolidated Financial Statements have been prepared on the following basis:
 - (i) The Financial Statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 (AS 21).
 - (ii) In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end. Any exchange difference arising on consolidation is recognized in “Exchange Fluctuation Translation Reserve”.
 - (iii) The difference between the cost of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the subsidiaries is recognized in the Financial Statements as Goodwill or Capital Reserve as the case may be.
 - (iv) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the Consolidated Financial Statements.

2) The list of Subsidiary Companies included in consolidation with Rainbow Papers Limited and Rainbow’s shareholding therein is as under:

Name of Subsidiary	Nature of relationship	Country of Incorporation	Shareholding as at 31-03-2012	Shareholding as at 31-03-2011
Rainbow Infrabuild Private Limited, Ahmedabad	Direct Control	INDIA	100%	-
Rainbow Papers JLT, Dubai	Direct Control	U.A.E	100%	-

3) 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 Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

4) 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.

5) 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.

Interest on deposits is recognized on accrual basis.

6) 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 Long term loans and advances shown as Capital advances.

7) 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, 2012, there were no indications that the fixed assets have suffered an impairment loss.

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) Depreciation:

For Rainbow Papers Limited

- (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 .

For the following subsidiaries:

Name Of Subsidiary	Basis Of Depreciation
Rainbow Infrabuild Private Limited, Ahmedabad	Written Down Value Method at the rates specified in Schedule- XIV.
Rainbow Papers JLT ,Dubai, U.A.E	Using straight-Line method over their estimated useful economic lives.

10) Central Excise Duty:

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.

11) 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 differences 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.

12) Investments:

Investments are classified as Non current & Current Investments. Non Current 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.

13) 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.

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) Provisions and Contingencies:

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.

16) Taxation on Income:

(1) The Company and other Indian subsidiaries:

Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.

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 realized in future.

(2) Foreign Companies:

Foreign Companies recognize tax liabilities and assets in accordance with the local laws. Further any Statutory reserves required, if any, are established in accordance with the local laws.

17) Cash Flow Statement:

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 (AS 3) on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statements consist of cash on hand and demand deposits with banks.

(₹ in Lacs)

2 SHARE CAPITAL :	As at March 31,2012	As at March 31,2011
Authorised Capital: 17,50,00,000 Equity Shares of ₹ 2/- each (PY 17,50,00,000 Equity Shares of ₹ 2/- each)	3500.00	3500.00
Issued, Subscribed & Fully Paid up Capital : 9,12,17,300 Equity shares of ₹ 2/- each fully paid (PY 8,72,17,300 Equity Shares of ₹ 2/- each fully paid)	1824.35	1744.35
Out of the above 5,11,77,275 of ₹ 2 each (PY 5,11,77,275 Equity Shares of ₹ 2 each) fully paid up represent Global Depository Receipts (GDRs)		
Outstanding GDRs for conversion into Equity Shares are 2,88,89,725 (PY 3,54,27,275)		
	1824.35	1744.35

(a) Reconciliation of number of shares :

Equity shares:	As at March 31, 2012		As at March 31, 2011	
	No of Shares	Amount in Lacs	No of Shares	Amount in Lacs
Shares outstanding at the beginning of the year	87,217,300	1744.35	87,217,300	1744.35
Add: Preferential issue of shares during the year	4,000,000	80.00	-	-
Shares outstanding at the end of the year	91,217,300	1824.35	87,217,300	1744.35

(b) Terms/rights ,preferences and restrictions attached to securities:**Equity Shares:**

The company has one class of equity shares having a par value of ₹ 2 each. Each share holder is eligible for one vote per share held. The dividend proposed by the board of director is subject to the approval of share holders in the ensuing Annual General meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential dues, in proportion to their shareholding.

On 30th August 2011 the company has allotted 40,00,000 fully paid up equity shares of ₹ 2/- each at a premium of ₹ 59/- per equity to the promoter group company on preferential basis. These equity shares allotted have lock-in-period of 3 years from the date of allotment. The details of money utilised out of preferential issue proceeds are as under:

(₹ in Lacs)

	2011-12
Particulars	Amount
Money Raised (including premium)	2440.00
Less :Amount Utilised for Expansion Projects and Working Capital Requirements	2440.00
Unutilised Amount	-

" During the year ended 31 March 2012, the amount of per share dividend recognized for distribution to equity shareholders was ₹0.40 (P.Y.31 March 2011 ₹0.40) "

(c) Details of share holders holding more than 5% shares in the company:

Name of share holders	As at March 31, 2012		As at March 31, 2011	
	No of Shares	% of holding	No of Shares	% of holding
Orient Newsprint Limited	17,377,520	19.05	13,377,520	15.34
Devkant Synthetics (India) Pvt Ltd	5,040,852	5.53	5,637,725	6.46
Rainbow Industrial Park Pvt Ltd	6,819,000	7.48	5,319,000	6.10
Drupa Suppliers Pvt Limited	5,153,000	5.65	5,153,000	5.91

(d) Terms of securities convertible into equity shares:

Convertible Warrants:

On August 30,2011 the company has allotted 60,00,000 convertible warrants on preferential allotment basis to promoter group company at a price of ₹ 61/- which shall be convertible into equity shares (at the sole option of warrant holder(s)) at any time within a period of 18 months from the date of allotment of warrants. The lock-in of shares acquired by exercise of the warrants shall be for the period of 3 years.

(e) On 28th January 2010 the Company had issued and allotted Global Depository Receipts (GDRs). 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 Foreign Bank. The details of funds activity during the year are as follow:

(₹ in Lacs)

Particulars	2011-12	2010-11
	Amount	Amount
Opening Balance	6239.65	12,384.90
Income earned on Unutilised Money	19.61	105.81
Total	6259.26	12490.71
Less :Amount Utilised for Expansion Projects and Working Capital Requirements	3054.63	6251.06
Amount Unutilised	3204.63	6239.65

(₹ in Lacs)

3 RESERVES & SURPLUS :	As at March 31,2012	As at March 31,2011
Capital Reserve	30.19	30.19
Add : Addition on consolidation	15.33	-
	45.52	30.19
Securities Premium		
Balance as per last accounts	12555.20	12555.20
Add: Premium on issue of preferential shares	2360.00	-
	14915.20	12555.20
Other Reserves :		
General Reserve		
Balance as per last accounts	1784.87	1407.60
Add : Transferred from Subsidy Reserve	-	77.27
Add : Amount transferred from surplus balance in statement of Profit & Loss	246.00	300.00
	2030.87	1784.87
Subsidy Reserve		
Balance as per last accounts	-	77.27
Less: Transferred to General Reserve	-	(77.27)
	-	-
Forfeiture of Warrants	27.43	27.43
Foreign Currency Translation Reserve	6.16	-
Surplus in Statement of Profit & Loss Account		
Balance as per last accounts	9344.03	6339.40
Less : Dividend Paid on 40,00,000 Equity Shares issued during the year		
Dividend Paid	16.00	-
Dividend distribution tax paid	2.58	-
	9325.45	6339.40
Profit for the year	4604.25	3710.15
Less : Capital Reserve on consolidation	15.33	-
Less: Appropriations		
Proposed dividend on equity shares for the year (amount per share ₹ 0.40 (31 March 2011: ₹ 0.40))	364.87	348.87
Dividend distribution tax on proposed dividend	59.19	56.60
Transfer to general reserve	246.00	300.00
	13244.31	9344.08
Total	30269.49	23741.77

(₹ in Lacs)

4 LONG TERM BORROWINGS:	As at March 31,2012	As at March 31,2011
(A) Secured :		
a From banks:		
- Rupee term loans	8162.79	16609.77
- Foreign currency term loans	15321.13	9759.80
- Vehicle loans	2.54	6.52
b From others(Financial Institutions):		
- Rupee term loan	2952.36	-
- Vehicle loans	4.15	2.47
(B) Unsecured :		
a Term loan		
From Others:		
- Financial institutions	3000.00	-
b. Deposits		
- Inter Corporate Deposits	404.46	-
c. Loans and advances from related parties	2745.00	-
d. Other loans and advances		
- From Banks	2033.51	-
Total	34625.94	26378.56

(a) Nature of security and terms of repayment for secured borrowings**Term loan :**

Term Loan in Rupee Currency are secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate. Term Loan is carrying Rate of Interest(at present) from 13% to 14.50% p.a. repayable over a period of 5 years.

Term Loan in Foreign currency are secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate. Term Loan is carrying Rate of Interest(at present) from LIBOR+ 7 to 8.5% repayable over a period of 5 years.

Vehicle Loan:

Secured vehicle loan from banks are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 6 to 8% p.a..Further loan is guaranteed by Managing Director of the company.

Secured vehicle loan from financial institutions are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 9 to 11 p.a.%.Further loan is guaranteed by Managing Director of the company.

(b) Terms of repayment for unsecured borrowings**Loan from financial institution:**

The company shall repay the loan in two installments with the first installment of ₹ 10 crore payable on 31.03.2015 and second installment of ₹ 20 crore payable on 31.03.2016 which carries Rate of Interest(at present) 15% p.a.

The Company has pledged 11940000 Equity Shares of Face Value of ₹ 2/- each, being held by one of its Promoter Group for availing Corporate Term Loan of ₹ 30 Crores.

Inter Corporate Deposits:

The company has taken interest free inter corporate deposit which is repayable after a period of one year.

Loans and advances from related parties:

The company has taken interest free advance from related parties which is repayable after a period of one year.

(₹ in Lacs)

5 DEFERRED TAX LIABILITIES (NET):	As at March 31,2012	As at March 31,2011
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2412.20	2105.47
Gross deferred tax liability	2412.20	2105.47
Deferred tax assets		
Gratuity	16.33	15.50
Leave Encashment	8.02	8.86
Gross deferred tax asset	24.35	24.36
Net deferred tax liability	2387.85	2081.11

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. (₹ in Lacs)

6 LONG TERM PROVISIONS:	As at March 31,2012	As at March 31,2011
Provisions for employee benefits :		
Provision for gratuity	64.00	20.53
Provision for leave encashment	49.60	47.51
Total	113.60	68.04

(₹ in Lacs)

7 SHORT TERM BORROWINGS:	As at March 31,2012	As at March 31,2011
(A) Secured :		
Loans repayable on demand:		
From Banks:		
a. Cash Credit Facility		
- Rupee Loan	9244.27	3958.36
- Foreign Currency Loan	473.27	1141.03
b. Packing Credit Facility	44.20	-
(B) Unsecured :		
Other Loans and advances		
From Banks (Buyer's Credit)	2613.33	1817.78
From Banks (Packing credit facility)	54.65	-
Total	12429.72	6917.17

Nature of security provided for cash credit facility:

Cash Credit Limit is secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate.

Nature of security provided for packing credit facility:

Packing Credit Limit is secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate.

(₹ in Lacs)

8 TRADE PAYABLES:	As at March 31,2012	As at March 31,2011
- Acceptances	4008.89	2721.04
- Due to Micro Small & Medium Enterprises*	175.44	48.23
- For Goods, services & trade deposits	2833.68	1732.38
Total	7018.01	4501.65

*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:

(₹ in Lacs)

	2011-12	2010-11
Principal Amount Outstanding	175.44	48.23
Interest Due	2.27	0.50
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	2.27	0.50

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.

(₹ in Lacs)

9 OTHER CURRENT LIABILITIES:	As at March 31,2012	As at March 31,2011
Current maturities of long term debts	9887.05	10070.37
Interest accrued and due on borrowings	226.59	189.74
Unclaimed dividend*	13.36	12.79
Other payables:		
- Statutory dues and unpaid expenses	478.95	126.38
- Advances from customers	131.25	174.57
- Creditors for capital goods	1585.21	345.54
Total	12322.41	10919.39

* Liability towards Investor Education and Protection Fund under Section 205C of The Companies Act, 1956 (Not Due as on 31.03.2012 / 31.03.2011)

(₹ in Lacs)

10 SHORT TERM PROVISIONS:

	As at March 31,2012	As at March 31,2011
Provision for employee benefits:		
Provision for bonus	54.26	40.32
Provision for gratuity	34.64	6.78
Provision for leave encashment	2.43	0.27
Others:		
Provision for proposed dividend on equity shares	364.87	348.87
Provision for dividend distribution tax on proposed dividend	59.19	56.60
Provision for income tax	12.42	-
Provision for wealth tax	1.19	0.56
Total	529.00	453.40

Note - 11 : FIXED ASSETS

(₹ in Lacs)

TANGIBLE	Land	Factory Building	Tubewell	Office Building	Plant & Machinery	Electrical Installation	Workshop Equipment	Laboratory Equipment	Furniture	Vehicles	Office Equipment	Computers	Air Conditioners	Total
Cost of assets														
At 1 April 2010	449.10	3059.96	32.36	476.53	37116.34	264.30	17.76	14.28	58.03	96.91	22.82	214.07	46.85	41869.32
Additions	126.37	24.18	-	0.00	553.85	-	-	-	4.43	26.71	4.69	13.88	5.64	759.75
Disposal / Adjustment	17.27	-	-	-	496.57	-	-	-	-	22.67	-	-	0.47	536.98
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2011	558.20	3084.14	32.36	476.53	37173.62	264.30	17.76	14.28	62.46	100.95	27.51	227.95	52.02	42092.09
Additions	68.30	439.49	-	-	3399.75	-	-	20.70	4.48	14.97	7.92	12.60	4.55	3972.75
Disposal / Adjustment	-	-	-	-	240.00	-	-	-	-	0.38	-	-	0.09	240.46
Exchange Differences	-	31.98	-	-	419.79	-	-	-	-	-	-	-	-	451.77
At 31 March 2012	626.50	3555.61	32.36	476.53	40753.16	264.30	17.76	34.98	66.93	115.55	35.43	240.55	56.48	46276.15
Depreciation														
At 1 April 2010	-	744.83	14.07	94.66	9067.71	205.54	13.99	11.23	43.82	54.98	11.91	187.99	17.47	10468.19
Charge for the year	-	232.68	0.91	19.09	2482.42	8.17	0.58	0.43	2.71	13.84	1.76	13.22	4.63	2780.46
Disposal / Adjustment	-	-	-	-	421.17	-	-	-	-	17.08	-	-	0.26	438.51
At 31 March 2011	-	977.53	14.98	113.75	11128.96	213.71	14.57	11.66	46.53	51.74	13.67	201.21	21.84	12810.14
Charge for the year	-	216.46	0.87	18.14	2287.96	7.04	0.49	1.86	3.53	13.38	2.57	13.65	4.49	2570.45
Disposal / Adjustment	-	-	-	-	87.96	-	-	-	-	0.84	-	-	0.08	88.88
At 31 March 2012	-	1193.99	15.85	131.89	13328.96	220.74	15.06	13.53	50.06	64.28	16.24	214.86	26.25	15291.71
Net Block														
At 31 March 2011	558.20	2106.62	17.37	362.79	26044.66	50.60	3.19	2.62	15.93	49.22	13.84	26.74	30.18	29281.95
At 31 March 2012	626.50	2361.62	16.50	344.65	27424.19	43.56	2.70	21.46	16.87	51.27	19.19	25.69	30.23	30984.44

Deferral/capitalization of exchange differences:

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, 2020 [extended by notification no GSR 913(E) dated 29th December 2011].

Accordingly, ₹ 451.77 Lacs has been added (PY ₹ Nil was added) to the cost of the fixed assets.

(₹ in Lacs)

Note-12 CAPITAL WORK IN PROGRESS

Building, Plant & Machinery and Pre operative expenses (Pending Allocation)	31.03.2012	31.03.2011
	38559.96	23333.06
TOTAL	38559.96	23333.06

- 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.
- Borrowing cost includes interest and other bank charges including the exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset. During the year borrowing cost amounting to ₹ 4769.04 Lacs has been capitalised.
- Advances to Project suppliers are shown under Long term loans & advances included in Capital advances.

(₹ in Lacs)

13 LONG-TERM LOANS & ADVANCES: (Unsecured, considered good, unless otherwise stated)	As at March 31,2012	As at March 31,2011
(a) Capital advances	3271.45	5746.22
(b) Security deposits	17.72	18.69
(c) Other loans & advances - Advances recoverable in cash or kind*	91.30	390.88
Total	3380.47	6155.79

*It includes expenses which are amortised over a period of more than 12 months.

(₹ in Lacs)

14 INVENTORIES: (valued at lower of cost or net realizable value)	As at March 31,2012	As at March 31,2011
Raw materials:		
- Paper	3351.96	2194.12
[Goods in transit]	217.50	159.43
- Chemicals	1139.27	30.13
[Goods in transit]	77.04	4.97
Work-in-progress	903.43	284.71
Finished goods	315.61	242.54
Stock in trade (In respect of goods acquired for trading)	637.13	-
Stores & spares	755.05	582.53
[Goods in transit]	0.91	12.47
Loose tools	381.68	224.58
Others :		
Fuels, packing material & chemicals	410.74	1163.58
[Goods in transit]	10.08	60.88
(Above inventories taken, valued and certified by the management)		
Total	8200.40	4959.94

(₹ in Lacs)

15 TRADE RECEIVABLES: (Unsecured, considered good, unless otherwise stated)	As at March 31,2012	As at March 31,2011
Outstanding for a period exceeding 6 months from the date they are due for payment	108.42	86.57
Others	8549.38	4792.78
Total	8657.80	4879.35

(₹ in Lacs)

16 CASH AND BANK BALANCES:	As at March 31,2012	As at March 31,2011
Cash and Cash Equivalents :		
a Balance with Banks :		
- In Collection accounts	49.83	45.07
- In Current accounts	23.56	506.44
- In EEFC accounts	0.45	42.86
- Deposits with foreign bank*	3203.49	6239.65
b Cash on hand	6.13	6.68
c Other bank balances:		
- In Dividend Accounts	13.36	12.79
- In Margin Money**	874.13	800.71
Total	4170.95	7654.20

*The balance lying with foreign bank of GDR issue account has been taken on the basis of E- statement of account received through mail.

** Margin Money deposits with a carrying amount of ₹ 874.13 Lacs (31 March 2011: ₹ 800.70 Lacs are given as margin against Letter of Credit open with bank)

(₹ in Lacs)

17 SHORT-TERM LOANS AND ADVANCES:	As at March 31,2012	As at March 31,2011
Unsecured considered good, unless otherwise stated:		
Other loans and advances:		
- Advances recoverable in cash or kind	28.90	347.24
- Advances to creditors	5135.95	76.33
- Balances with government authorities	1735.26	1693.71
- Advance tax and mat credit entitlement	1457.04	1223.41
- Advance fringe benefit tax	0.53	0.53
- Prepaid expenses	123.67	120.38
Total	8481.35	3461.60

(₹ in Lacs)

18 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for):	As at March 31,2012	As at March 31,2011
A. Contingent liabilities		
Guarantees:		
- Bank Guarantee	526.65	93.16
Other money for which company is contingently liable:		
- Additional Premium on Land *	18.78	18.78
- Liability in respect of additional Stamp Duty on purchase of Land	Not Ascertainable	Not Ascertainable

* 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.

B. Commitment:

Estimated amount of contracts, remaining to be executed on capital accounts and not provided for ₹ 5138.61 Lacs net of advance (PY ₹ 4422.86 Lacs).

(₹ in Lacs)

19 REVENUE FROM OPERATIONS:	Year ended	
	March 31,2012	March 31,2011
Sale of products		
Paper sales	32844.65	28053.95
Paper sales (export) (including deemed exports)	10990.73	10487.65
Paper sales (trading)	16088.78	251.52
Bricks sales	73.35	10.30
Plastic sheet sales	193.15	0.48
Sale of services		
Job work	36.55	44.27
Other Operating Revenue		
Export incentive	488.29	469.03
Fly ash sales	20.05	0.27
Miscellaneous waste sales	342.09	254.74
	61077.64	39572.21
Less : Excise duty	952.28	753.76
Total	60125.36	38818.45

(₹ in Lacs)

20 OTHER INCOME:	Year ended	
	March 31,2012	March 31,2011
Dividend income	-	0.02
Insurance claim	-	363.56
Profit on sale of investments	-	2.90
Profit on sale of Fixed Assets	0.44	317.39
Foreign exchange gain (Net)	171.09	77.15
Total	171.53	761.02

(₹ in Lacs)

21 COST OF MATERIALS CONSUMED:

	Year ended	
	March 31,2012	March 31,2011
Opening Stock		
Papers	2353.55	1322.36
Chemicals	35.10	42.12
	2388.65	1364.48
Add : Purchases		
Papers	22712.68	19476.76
Chemicals	412.76	357.80
	25514.09	21199.04
Less : Closing Stock		
Papers	3569.46	2353.55
Chemicals	49.54	35.10
Total	21895.09	18810.39

(₹ in Lacs)

22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year ended	
	March 31,2012	March 31,2011
Opening Stock		
Finished goods	242.54	146.38
Work in progress	284.71	240.34
Stock-in-trade	-	-
Total (A)	527.25	386.72
Closing Stock		
Finished goods	315.61	242.54
Work in progress	903.43	284.71
Stock-in-trade	637.13	-
Total (B)	1856.17	527.25
Total (A-B)	(1328.92)	(140.53)

(₹ in Lacs)

23 EMPLOYEE BENEFITS EXPENSE:

	Year ended	
	March 31,2012	March 31,2011
Salary and Wages	1443.85	1021.26
Contribution to Provident and other funds	73.60	59.56
Staff welfare expense	36.01	20.15
Total	1553.46	1100.97

(₹ in Lacs)

24 FINANCE COSTS:

	Year ended	
	March 31,2012	March 31,2011
(1) Interest expenses		
(a) Term loans	847.80	923.66
(b) Working capital facilities	1118.11	359.49
(c) Others	137.19	46.60
	2103.10	1329.75
Less: Interest on Margin Money , Deposits and others*	197.64	265.32
	1905.46	1064.43
(2) Other borrowing cost	664.73	520.86
(3) Net loss on foreign currency transactions**	287.68	173.50
Total	2857.87	1758.79

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

**Surplus of ₹ 171.09 Lacs being the impact of foreign exchange fluctuation on account of import, export, and foreign currency working capital have been recognized in other operating revenue however deficit of ₹ 287.68 Lacs being the impact of foreign exchange fluctuation on account of term loan facilities have been recognized in the finance cost.

(₹ in Lacs)

25 OTHER EXPENSES:

	Year ended	
	March 31,2012	March 31,2011
Consumption of stores & spare parts	299.01	443.37
Consumption of chemical	3646.47	3332.60
Consumption of power & fuel	4432.98	3217.94
Consumption of packing materials	534.90	680.79
Paper pulping, cutting, packing and finishing expenses	407.01	426.55
Bricks processing charges	72.94	5.82
Plastic sheet processing charges	7.53	-
Repairs and maintenance :		
Machinery	114.22	94.28
Building	12.63	13.89
Others	44.50	31.26
	171.35	139.43
Payment to auditors	9.84	8.81
Factory expenses	122.61	96.78
Insurance	89.84	24.56
Rent expense	15.00	9.90
Rates and Taxes [includes Wealth Tax ₹ 63456] [Previous year Wealth Tax ₹ 4314]	18.79	4.78
Excise duty adjustment for stocks (net)*	5.06	0.19
Advertisement, Stationery and Communication	70.60	68.52
Legal, Consultancy and Professional Fees	103.57	67.96
Freight & forw. o/w expense (export)	780.25	917.30
Sales outward expenses	410.37	354.85
Selling costs	599.37	470.85
Miscellaneous expenses	212.62	123.70
Donation	1.80	7.30
Bad debts	-	18.18
Traveling & conveyance	87.20	62.85
Total	12099.10	10483.03

* Excise duty adjustment for stock under expenditure represents aggregate of excise duty borne by the company and the difference between excise duty on opening and closing stock of finished goods.

(₹ in Lacs)

26 EXCEPTIONAL ITEMS:

	Year ended	
	March 31,2012	March 31,2011
Excess/(Short) provision of earlier years	(8.47)	(4.64)
Total	(8.47)	(4.64)

27) PROPOSED DIVIDEND:	31.03.2012	31.03.2011
Dividend proposed to be distributed to equity shareholders		
- Total Amount (in Lacs)	364.87	348.87
- Per Share	0.40	0.40

28) During the Year ended 31 March, 2012, the Company has acquired the 100% shares in both the subsidiary company viz. Rainbow Infrabuild Private Limited & Rainbow Papers, JLT. This being the first year of consolidation.

In view of this, the Previous Year's figures of consolidated statements are strictly not comparable.

29) In case of Rainbow Papers JLT, Dubai, U.A.E. the revenue and expenses transactions at the year end reflected in Statement of Profit & Loss have been translated into Indian Rupees at an average of Opening & Closing exchange rate. The assets & Liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year end. The resultant translation exchange gain/loss have been disclosed as "Foreign Currency Translation Reserve".

30) 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::

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Operating Revenue by Geographical Segment		
India	34710.13	27861.76
Outside India	25415.23	10956.69
Addition to Fixed Assets and Intangible Assets		
India	4424.53	759.75
Outside India	-	-
Carrying amount of Fixed Assets		
India	69541.64	52709.56
Outside India	-	-

Notes:

1) Geographical Segments considered for disclosures are as follows :

- Operating revenue outside India includes Paper sales (incl. deemed Export) and Export incentive.
- Previous year's figures have been regrouped or rearrange wherever necessary.

2) Operating revenue comprises

Particulars	31.03.2012	31.03.2011
Sales	59274.30	38094.40
Other operating income	1021.52	801.20

31) 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
Nigo Best Packs Pvt. Ltd	Control exists
Windsor Paper Pvt. Ltd	Control exists

II. Key Management Personnel and Relatives.

1. Shri Ajay R Goenka	Chairman & Managing Director
2. Shri Manish Bagadia	Executive Director (ceased w.e.f. 30.08.2011)
3. Shri Rahul J Maheswari	Executive Director (w.e.f 30.08.2011)
4. Smt. Sangeeta A Goenka	Sr. Vice President (Executive Director till 28.05.2010)
5. Smt. Niyati Agrawal	Sr. Vice President

(b) Disclosure of Related Party Transactions

(₹ in Lacs)

Nature of Transaction	Parties mentioned at a (I) above		Key management personnel	
	2011-12	2010-11	2011-12	2010-11
Unsecured Loan taken	2745.00	-	-	-
Office Rent Paid	-	-	6.00	0.90
Directors' Remuneration	-	-	118.95	96.99
Salary	-	-	35.65	15.10
Sale of Asset	-	-	-	1.70
Share Application Money	-	3015.00	-	-
Loan given to subsidiaries(Net of repayment)	-	-	-	-
Convertible Warrant issued	915.00	-	-	-

Disclosures of material transactions with related parties during the year:

(₹ in Lacs)

Sr.No.	Description	Related Parties	Amount
1	Office Rent Paid	Shri Ajay R Goenka	6.00
2	Directors' Remuneration	Shri Ajay R Goenka	91.08
		Shri Manish Bagadia	13.97
		Shri Rahul J Maheshwari	13.90
3	Salary	Smt. Sangeeta A. Goenka	15.80
		Smt. Niyati Agrawal	19.85
4	Convertible Warrant issued	Orient Newsprint Ltd	915.00
5	Unsecured Loan taken	Orient Newsprint Ltd	2745.00

32) EARNING PER SHARE:

Particulars		31.03.2012	31.03.2011
Net profit for the year attributable to Equity Shareholders	₹ Lacs	4604.24	3710.15
Weighted average number of Equity Shares outstanding for Basic earning per shares	Numbers	89567027	87217300
Weighted average number of Equity Shares outstanding for Diluted earning per shares	Numbers	93091617	87217300
Basic earnings per share (face value of ₹ 2 each)	₹	5.14	4.25
Diluted earnings per share (face value of ₹ 2 each)	₹	4.95	4.25

33) 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 31-3-2012 are as under:

Year	Currency	Exposure to Buy/Sell	No. of contracts	₹ in Lacs	Foreign currency
2011-12	N.A.	N.A.	NIL	NIL	N.A.
2010-11	USD	Buy	11	2461.04	5511850

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

(Amt. in Lacs)

	2011-12	2010-11
Payables - USD	55.55	20.90
Receivables - USD	11.58	17.46
Receivables - AED	192.22	-
Payable - AED	58.79	-
Receivables - Euro	0.79	0.75
Bank Balance - USD	62.63	140.68
Bank Balance - AED	0.22	-
Term Loans - USD	393.78	269.23
Term Loans - GBP	-	17.52

34) Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year as per revised Schedule-VI.

As per our separate report of even date attached.

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

Anand Sharma
Partner
Mem. No. 129033
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka	Chairman & Managing Director
Rahul Maheshwari	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Runel Rathi	Company Secretary

Place : Ahmedabad
Date : May 24, 2012



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 2012, and also the Statement of Profit and Loss 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 in Paragraph 3 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - vi. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and gives 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, 2012.
 - (b) In the case of the Statement of Profit and Loss, 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 & Talati
Chartered Accountants
Firm Reg No:110758W

Anand Sharma
Partner
Membership No: 129033

Place: Ahmedabad
Date: May 24th 2012

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. As explained to us, 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 inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii) In respect of the Loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has not given any Loan during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clause 4 (iii) (b), (c) & (d) of the Order are not applicable.
 - e) The Company has taken Loan from one party. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 2745 Lacs and year-end balance is ₹ 2745 Lacs.
 - f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company, are not prejudicial to the interest of the Company.
 - g) In respect of the said Loans and interest thereon, there are no overdue amounts.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system & 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, we have not observed any continuing failure to correct major weaknesses in internal control system
- v) In our opinion and according to the information and explanations given to us, there were no transactions exceeding ₹ 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost 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, 2012 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 Statue	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 have been applied for the purpose for which they were obtained

- xvii) According to information and explanation given to us and on an overall examination of the financial statements and other records of the company, we are of the opinion that funds raised on short term basis have not been used for long term investment. Further we report that unsecured loans raised from one bank are not considered as short term loans, as the said borrowings are rolled over and considered by the company available for long term period and the amount raised is used for long term purposes.
- xviii) During the year, the Company has issued 40,00,000 Equity Shares at a price of ₹ 61/- (face value ₹ 2/- each) amounting to ₹ 2,440 Lacs as preferential allotment of shares to the company covered in the register maintained u/s 301 of the Companies Act, 1956. The price at which such shares has been issued is not prejudicial to the interest of the Company.
- 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 any money by way of 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. 3(e)).
- 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 & Talati
Chartered Accountants
Firm Reg No:110758W

Anand Sharma
Partner
Membership No: 129033

Place: Ahmedabad
Date: May 24th 2012

BALANCE SHEET

RAINBOW PAPERS LIMITED

Balance Sheet as at 31st March 2012

(₹ in Lacs)

Particulars	Note No	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	1824.35	1744.35
(b) Reserves and Surplus	4	28935.38	23741.77
(c) Money received against share warrants		915.00	-
		31674.73	25486.12
(2) Share application money pending allotment		-	3015.00
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	34625.94	26378.56
(b) Deferred Tax Liabilities (Net)	6	2387.85	2081.11
(c) Long term provisions	7	113.60	68.04
		37127.39	28527.71
(4) Current Liabilities			
(a) Short-term borrowings	8	12429.72	6917.17
(b) Trade payables	9	5914.58	4501.65
(c) Other current liabilities	10	12153.04	10919.39
(d) Short-term provisions	11	516.54	453.40
		31013.88	22791.61
Total		99816.00	79820.44
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	30984.36	29281.95
(ii) Capital work-in-progress	13	38557.20	23333.06
(iii) Assets held for sale		-	94.55
(b) Non-current investments	14	41.90	-
(c) Long term loans and advances	15	3038.33	6155.79
		72621.79	58865.35
(2) Current assets			
(a) Inventories	16	7646.74	4959.94
(b) Trade receivables	17	5482.92	4879.35
(c) Cash and bank balances	18	4167.17	7654.20
(d) Short-term loans and advances	19	9897.38	3461.60
		27194.21	20955.09
Total		99816.00	79820.44

The accompanying notes are an integral part of these financial statements.1 to 36

As per our separate report of even date attached.

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

Anand Sharma
Partner
Mem. No. 129033
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka Chairman & Managing Director
Rahul Maheshwari Executive Director
Rajendra Patawari Director
Shashikant Thakar Director
Kantibhai Patel Director
Runel Rathi Company Secretary

Place : Ahmedabad
Date : May 24, 2012

STATEMENT OF PROFIT & LOSS

RAINBOW PAPERS LIMITED

Statement of Profit and Loss for the year ended 31 March 2012

(₹ in Lacs)

Particulars	Note No	For the year ended March 31,2012	For the year ended March 31,2011
I. Revenue from operations		45987.62	39572.21
Less : Excise duty		952.28	753.76
Revenue from operations (Net)	21	45035.34	38818.45
II. Other income	22	171.53	761.02
III. Total Revenue (I +II)		45206.87	39579.47
IV. Expenses:			
Cost of materials consumed	23	21895.09	18810.39
Purchase of stock-in-trade		993.12	236.42
		22888.21	19046.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(775.26)	(140.53)
Employee benefit expense	25	1535.61	1100.97
Finance costs	26	2804.94	1758.79
Depreciation and amortization expense	12	2570.45	2780.46
Other expenses	27	12063.28	10483.03
IV. Total Expenses		41087.23	35029.53
V. Profit before exceptional and extraordinary items and tax (III-IV)		4119.64	4549.94
VI. Prior period item		4.71	(1.10)
VII. Exceptional items	28	(8.47)	(4.64)
VIII. Profit/(Loss) before tax (V - VI-VII)		4115.88	4544.20
IX. Tax expense:			
Current tax		851.73	929.47
Less: MAT credit entitlement		(318.84)	(755.51)
Net current tax liability		532.89	173.96
Deferred tax		306.74	660.09
X. Profit/(Loss) for the period (VIII-IX)		3276.25	3710.15
XI. Earning per equity share: (Face value of ₹ 2 per share) (Refer Note No 33)			
(1) Basic		3.66	4.25
(2) Diluted		3.52	4.25

The accompanying notes are an integral part of these financial statements.1 to 36

As per our separate report of even date attached.

For and on behalf of the Board of Directors

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

Anand Sharma
Partner

Mem. No. 129033
Ahmedabad
May 24, 2012

Ajay Goenka
Rahul Maheshwari
Rajendra Patawari
Shashikant Thakar
Kantibhai Patel
Runel Rathi

Chairman & Managing Director
Executive Director
Director
Director
Director
Company Secretary

Place : Ahmedabad
Date : May 24, 2012

CASH FLOW STATEMENT

RAINBOW PAPERS LIMITED

Cash Flow Statement for the year ended on 31-3-2012

(₹ in Lacs)

	31-03-2012	31-03-2011
A. Cash Flow from Operating Activities		
Net profit before extra ordinary items	4,119.63	4,549.94
Adjustment For:		
Provision for wealth tax	0.63	0.04
Depreciation & amortization expenses	2,570.45	2,780.46
Sundry balances written back	(3.48)	-
Finance costs	2,804.93	1,585.29
Dividend received	-	(0.02)
Profit on sale of Investment	-	(2.90)
Loss/(Profit) on Sale of Assets	78.08	(680.95)
Operating profit before working capital changes	9,570.25	8,231.86
Adjustment For:		
Increase /(decrease) in trade payables	1,412.94	(531.35)
Increase /(decrease) in current liabilities and provisions	229.35	915.45
(Increase) /decrease in inventories	(2,686.83)	(1,593.51)
(Increase) /decrease in trade receivables	(603.58)	(935.53)
Cash generated from operating activities	7,922.14	6,086.93
Direct tax paid	(766.52)	(932.05)
Cash flow before extra-ordinary items	7,155.61	5,154.88
Extra-ordinary Items:		
Excess provision written back	8.47	(4.64)
Prior period expenses	(4.71)	(1.11)
-	-	-
Net cash flow from operating activities	7,159.37	5,149.13
B. Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress)	(18,568.89)	(18,730.22)
Sales of fixed assets	73.60	779.42
Movement in loans & advances	(3,085.09)	(884.64)
Investments in subsidiaries	(41.90)	-
Sale of investment	-	5.04
Dividend received	-	0.02
Interest income	250.77	265.32
Net cash flow from investing activities	(21,371.52)	(18,565.07)
C. Cash flow from financing activities		
Proceeds from long term borrowings	23,254.82	12,455.19
Repayment of long term borrowings	(15,007.41)	(5,250.98)
Short term borrowings (net)	5,329.22	956.57
Proceeds from Share application money	-	3,015.00
Re-payment of Share application money	(575.00)	-
Issue of share warrants	915.00	-
Interest paid	(2,768.02)	(1,850.60)
Dividend paid (including dividend distribution tax)	(423.49)	(410.97)
Net cash flow from financing activities	10,725.12	8,914.19
Net change in cash & cash equivalents(A+B+C)	(3,487.03)	(4,501.74)
Opening balance - cash and cash equivalent	7,654.20	12,155.95
Closing balance - cash and cash equivalent	4,167.17	7,654.20

Note :

(₹ in Lacs)

1. CASH AND CASH EQUIVALENTS :	31-03-2012	31-03-2011
Balance with Banks :		
- In Collection accounts	49.83	45.07
- In Current accounts	19.80	506.44
- In EEFC accounts	0.45	42.86
- Deposits with foreign bank	3203.49	6239.65
Cash on hand	6.11	6.68
Other bank balances:		
- In Dividend Accounts	13.36	12.79
- In Margin Money**	874.13	800.71
Total	4167.17	7654.20

2 Cash & Cash Equivalents for the year ended March 31, 2012 includes unrealised Gain / (Loss) of (₹ 391.46 Lacs) (PY (₹ 12.78 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)

Anand Sharma
Partner
Mem. No. 129033
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka	Chairman & Managing Director
Rahul Maheshwari	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Runel Rathi	Company Secretary

Place : Ahmedabad
Date : May 24, 2012

Notes to financial statement for the year ended 31 March 2012

1 1.1. CORPORATE INFORMATION :

The company is engaged in manufacturing and marketing of paper. It uses various qualities of waste papers as its raw material for manufacturing finished paper. The company offers wide range of paper including Writing & printing paper, Newsprint paper, Duplex Board, Coated Paper, Colour Paper and Board, Crepe paper, Poster paper, Cast coated paper & fluorescent paper.

During the year ended 31 March 2012 the company has acquired 100% equity shares in two companies viz. Rainbow Papers JLT(Dubai) and Rainbow Infrabuild Pvt Ltd.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT:

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.

SIGNIFICANT ACCOUNTING POLICIES :

2 2.1 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.

2.2 REVENUE RECOGNITION:

Sales are stated net of rebate and trade discount. 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.

Interest on deposits is recognized on accrual basis.

2.3 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 Long term loans and advances shown as Capital advances.

2.4 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.

2.5 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.

2.6 INVESTMENTS:

Investments are classified as Non current & Current Investments. Non Current 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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, 2012, there were no indications that the fixed assets have suffered an impairment loss.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

(₹ in Lacs)

3 SHARE CAPITAL :	As at March 31,2012	As at March 31,2011
Authorised Capital: 17,50,00,000 Equity Shares of ₹ 2/- each (PY 17,50,00,000 Equity Shares of ₹ 2/- each)	3500.00	3500.00
Issued, Subscribed & Fully Paid up Capital : 9,12,17,300 Equity shares of ₹ 2/- each fully paid (PY 8,72,17,300 Equity Shares of ₹ 2/- each fully paid)	1824.35	1744.35
Out of the above 5,11,77,275 of ₹ 2 each (PY 5,11,77,275 Equity Shares of ₹ 2 each) fully paid up represent Global Depository Receipts (GDRs)		
Outstanding GDRs for conversion into Equity Shares are 2,88,89,725 (PY 3,54,27,275)		
	1824.35	1744.35

(a) Reconciliation of number of shares :

Equity shares:	As at March 31, 2012		As at March 31, 2011	
	No of Shares	Amount in Lacs	No of Shares	Amount in Lacs
Shares outstanding at the beginning of the year	87,217,300	1744.35	87,217,300	1744.35
Add: Preferential issue of shares during the year	4,000,000	80.00	-	-
Shares outstanding at the end of the year	91,217,300	1824.35	87,217,300	1744.35

(b) Terms/rights ,preferences and restrictions attached to securities:**Equity Shares:**

The company has one class of equity shares having a par value of ₹ 2 each. Each share holder is eligible for one vote per share held. The dividend proposed by the board of director is subject to the approval of share holders in the ensuing Annual General meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential dues, in proportion to their shareholding.

On 30th August 2011 the company has allotted 40,00,000 fully paid up equity shares of ₹ 2/- each at a premium of ₹ 59/- per equity to the promoter group company on preferential basis. These equity shares allotted have lock-in-period of 3 years from the date of allotment. The details of money utilised out of preferential issue proceeds are as under:

(₹ in Lacs)

	2011-12
Particulars	Amount
Money Raised (including premium)	2440.00
Less :Amount Utilised for Expansion Projects and Working Capital Requirements	2440.00
Unutilised Amount	-

" During the year ended 31 March 2012, the amount of per share dividend recognized for distribution to equity shareholders was ₹ 0.40 (P.Y.31 March 2011 ₹ 0.40) "

(c) Details of share holders holding more than 5% shares in the company:

Name of share holders	As at March 31, 2012		As at March 31, 2011	
	No of Shares	% of holding	No of Shares	% of holding
Orient Newsprint Limited	17,377,520	19.05	13,377,520	15.34
Devkant Synthetics (India) Pvt Ltd	5,040,852	5.53	5,637,725	6.46
Rainbow Industrial Park Pvt Ltd	6,819,000	7.48	5,319,000	6.10
Drupa Suppliers Pvt Limited	5,153,000	5.65	5,153,000	5.91

(d) Terms of securities convertible into equity shares:

Convertible Warrants:

On August 30,2011 the company has allotted 60,00,000 convertible warrants on preferential allotment basis to promoter group company at a price of ₹ 61/- which shall be convertible into equity shares (at the sole option of warrant holder(s)) at any time within a period of 18 months from the date of allotment of warrants. The lock-in of shares acquired by exercise of the warrants shall be for the period of 3 years.

(e) On 28th January 2010 the Company had issued and allotted Global Depository Receipts (GDRs). 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 Foreign Bank. The details of funds activity during the year are as follow:

(₹ in Lacs)

Particulars	2011-12	2010-11
	Amount	Amount
Opening Balance	6239.65	12,384.90
Income earned on Unutilised Money	19.61	105.81
Total	6259.26	12490.71
Less :Amount Utilised for Expansion Projects and Working Capital Requirements	3054.63	6251.06
Amount Unutilised	3204.63	6239.65

(₹ in Lacs)

4 RESERVES & SURPLUS :	As at March 31,2012	As at March 31,2011
Capital Reserve	30.19	30.19
Securities Premium		
Balance as per last accounts	12555.20	12555.20
Add: Premium on issue of preferential shares	2360.00	-
	14915.20	12555.20
Other Reserves :		
General Reserve		
Balance as per last accounts	1784.87	1407.60
Add : Transferred from Subsidy Reserve	-	77.27
Add : Amount transferred from surplus balance in statement of Profit & Loss	246.00	300.00
	2030.87	1784.87
Subsidy Reserve		
Balance as per last accounts	-	77.27
Less: Transferred to General Reserve	-	(77.27)
	-	-
Forfeiture of Warrants	27.43	27.43
Surplus in Statement of Profit & Loss Account		
Balance as per last accounts	9344.08	6339.40
Less : Dividend paid on 40,00,000 Equity Shares issued during the year		
Dividend Paid	16.00	-
Dividend distribution tax paid	2.58	-
	9325.50	6339.40
Profit for the year	3276.25	3710.15
Less: Appropriations		
Proposed dividend on equity shares for the year (amount per share ₹ 0.40 (31 March 2011: ₹ 0.40))	364.87	348.87
Dividend distribution tax on proposed dividend	59.19	56.60
Transfer to general reserve	246.00	300.00
	11931.69	9344.08
	28935.38	23741.77

(₹ in Lacs)

5 LONG TERM BORROWINGS:	As at March 31,2012	As at March 31,2011
(A) Secured :		
a From banks:		
- Rupee term loans	8162.79	16609.77
- Foreign currency term loans	15321.13	9759.80
- Vehicle loans	2.54	6.52
b From others(Financial Institutions):		
- Rupee term loans	2952.36	-
- Vehicle loans	4.15	2.47
(B) Unsecured :		
a Term loan		
From Others:		
- Financial institutions	3000.00	-
b. Deposits		
- Inter Corporate Deposits	404.46	-
c. Loans and advances from related parties	2745.00	-
d. Other loans and advances		
- From Banks	2033.51	-
	34625.94	26378.56

(a) Nature of security and terms of repayment for secured borrowings**Term loan :**

Term Loan in Rupee Currency are secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate. Term Loan is carrying rate of Interest (at present) from 13% to 14.50% p.a. repayable over a period of 5 years.

Term Loan in Foreign currency are secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate. Term Loan is carrying rate of Interest(at present) from LIBOR+ 7 to 8.5% repayable over a period of 5 years.

Vehicle Loan:

Secured vehicle loan from banks are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 6 to 8% p.a. Further loan is guaranteed by Managing Director of the company.

Secured vehicle loan from financial institutions are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 9 to 11 p.a.%.Further loan is guaranteed by Managing Director of the company.

(b) Terms of repayment for unsecured borrowings**Loan from financial institution:**

The company shall repay the loan in two installments with the first installment of ₹ 10 crore payable on 31.03.2015 and second installment of ₹ 20 crore payable on 31.03.2016 which carries Rate of Interest(at present) 15% p.a.

The Company has pledged 11940000 Equity Shares of Face Value of ₹ 2/- each, being held by one of its Promoter Group for availing Corporate Term Loan of Rs. 30 Crores.

Inter Corporate Deposits:

The company has taken interest free inter corporate deposit which is repayable after a period of one year.

Loans and advances from related parties:

The company has taken interest free advance from related parties which is repayable after a period of one year.

(₹ in Lacs)

6 DEFERRED TAX LIABILITIES (NET):	As at March 31,2012	As at March 31,2011
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2412.20	2105.47
Gross deferred tax liability	2412.20	2105.47
Deferred tax assets		
Gratuity	16.33	15.50
Leave Encashment	8.02	8.86
Gross deferred tax asset	24.35	24.36
Net deferred tax liability	2387.85	2081.11

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.

(₹ in Lacs)

7 LONG TERM PROVISIONS:	As at March 31,2012	As at March 31,2011
Provisions for employee benefits :		
Provision for gratuity	64.00	20.53
Provision for leave encashment	49.60	47.51
Total	113.60	68.04

(₹ in Lacs)

8 SHORT TERM BORROWINGS:	As at March 31,2012	As at March 31,2011
(A) Secured :		
Loans repayable on demand:		
From Banks:		
a. Cash Credit Facility		
- Rupee Loan	9244.27	3958.36
- Foreign Currency Loan	473.27	1141.03
b. Packing Credit Facility	44.20	-
(B) Unsecured :		
Other Loans and advances		
From Banks (Buyer's Credit)	2613.33	1817.78
From Banks (Packing credit facility)	54.65	-
Total	12429.72	6917.17

Nature of security provided for cash credit facility:

Cash Credit Limit is secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate.

Nature of security provided for packing credit facility:

Packing Credit Limit is secured by way of First hypothecation charge on Pari passu basis over the current assets of the company, situated at 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana. Second charge on paripasu basis on all fixed assets, situated at survey no 1423 paiki of village: Rajpur, Taluka: Kadi, Dist:Mehsana .The loan is further secured by personal guarantee of Managing Director, Promoter and a body corporate.

(₹ in Lacs)

9 TRADE PAYABLES:	As at March 31,2012	As at March 31,2011
- Acceptances	4008.89	2721.04
- Due to Micro Small & Medium Enterprises *	175.44	48.23
- For Goods, services & trade deposits	1730.25	1732.38
Total	5914.58	4501.65

* 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:

(₹ in Lacs)

	2011-12	2010-11
Principal Amount Outstanding	175.44	48.23
Interest Due	2.27	0.50
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	2.27	0.50

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.

(₹ in Lacs)

10 OTHER CURRENT LIABILITIES:	As at March 31,2012	As at March 31,2011
Current maturities of long term debts	9887.05	10070.37
Interest accrued and due on borrowings	226.59	189.74
Unclaimed dividend*	13.36	12.79
Other payables:		
- Statutory dues and unpaid expenses	309.58	126.38
- Advances from customers	131.25	174.57
- Creditors for capital goods	1585.21	345.54
Total	12153.04	10919.39

* Liability towards Investor Education and Protection Fund under Section 205C of The Companies Act, 1956 (Not Due as on 31.03.2012 / 31.03.2011)

(₹ in Lacs)

11 SHORT TERM PROVISIONS:	As at March 31,2012	As at March 31,2011
Provision for employee benefits:		
Provision for bonus	54.22	40.32
Provision for gratuity	34.64	6.78
Provision for leave encashment	2.43	0.27
Others:		
Provision for proposed dividend on equity shares	364.87	348.87
Provision for dividend distribution tax on proposed dividend	59.19	56.60
Provision for wealth tax	1.19	0.56
Total	516.54	453.40

Note - 12 : FIXED ASSETS

TANGIBLE	Land	Factory Building	Tubewell	Office Building	Plant & Machinery	Electrical Installation	Workshop Equipment	Laboratory Equipment	Furniture	Vehicles	Office Equipment	Computers	Air Conditioners	Total
Cost of assets														
At 1 April 2010	449.10	3059.96	32.36	476.53	37116.34	264.30	17.76	14.28	58.03	96.91	22.82	214.07	46.85	41869.31
Additions	126.37	24.18	-	0.00	553.85	-	-	-	4.43	26.71	4.69	13.88	5.64	759.75
Disposal / Adjustment	17.27	-	-	-	496.57	-	-	-	-	22.67	-	-	0.47	536.98
Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2011	558.20	3084.14	32.36	476.53	37173.62	264.30	17.76	14.28	62.46	100.95	27.51	227.95	52.02	42092.08
Additions	68.30	439.49	-	-	3399.75	-	-	20.70	4.48	14.97	7.83	12.60	4.55	3972.67
Disposal / Adjustment	-	-	-	-	240.00	-	-	-	-	0.38	-	-	0.09	240.47
Exchange Differences	-	31.98	-	-	419.79	-	-	-	-	-	-	-	-	451.77
At 31 March 2012	626.50	3555.61	32.36	476.53	40753.16	264.30	17.76	34.98	66.94	115.54	35.36	240.55	56.48	46276.04
Depreciation														
At 1 April 2010	-	744.83	14.07	94.66	9067.71	205.54	13.99	11.23	43.82	54.98	11.91	187.99	17.47	10468.20
Charge for the year	-	232.68	0.91	19.09	2482.42	8.17	0.58	0.43	2.71	13.84	1.76	13.22	4.63	2780.44
Disposal / Adjustment	-	-	-	-	421.17	-	-	-	-	17.08	-	-	0.26	438.51
At 31 March 2011	-	977.51	14.98	113.75	11128.96	213.71	14.57	11.66	46.53	51.74	13.67	201.21	21.84	12810.13
Charge for the year	-	216.46	0.87	18.14	2287.96	7.04	0.49	1.86	3.53	13.38	2.57	13.65	4.49	2570.44
Disposal / Adjustment	-	-	-	-	87.96	-	-	-	-	0.84	-	-	0.08	88.88
At 31 March 2012	-	1193.97	15.85	131.89	13328.96	220.75	15.06	13.52	50.06	64.28	16.24	214.86	26.25	15291.68
Net Block														
At 31 March 2011	558.20	2106.64	17.37	362.79	26044.66	50.60	3.19	2.62	15.93	49.22	13.84	26.74	30.18	29281.95
At 31 March 2012	626.50	2361.64	16.50	344.65	27424.19	43.55	2.70	21.47	16.88	51.26	19.12	25.69	30.23	30984.36

Deferral/capitalization of exchange differences:

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, 2020 [extended by notification no GSR 913(E) dated 29th December 2011].

Accordingly, ₹ 451.77 Lacs has been added (PY ₹ Nil was added) to the cost of the fixed assets.

(₹ in Lacs)

	31.03.2012	31.03.2011
Note-13 CAPITAL WORK IN PROGRESS		
Building, Plant & Machinery and Pre operative expenses (Pending Allocation)	38557.20	23333.06
TOTAL	38557.20	23333.06

- 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.
- Borrowing cost includes interest and other bank charges including the exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset. During the year borrowing cost amounting to ₹ 4769.04 Lacs has been capitalised.
- Advances to Project suppliers are shown under Long term loans & advances included in Capital advances.

(₹ in Lacs)

14 NON CURRENT INVESTMENT:	As at March 31,2012	As at March 31,2011
Trade investments		
Investment in equity instruments		
Unquoted		
Investment in wholly owned subsidiaries:		
a) 10,000 Equity Shares [March 31, 2011: Nil] Face Value of ₹ 10 each held in Rainbow Infrabuild Private Limited (At cost)	1.00	-
b) 300 Equity Shares [March 31, 2011: Nil] Face Value of AED 1000 each in Rainbow Papers JLT (At cost)	40.90	-
Total	41.90	-

Aggregate amount of unquoted investment of ₹ 41.90 Lacs (₹ in Lacs)

15 LONG-TERM LOANS & ADVANCES: (Unsecured, considered good, unless otherwise stated)	As at March 31,2012	As at March 31,2011
(a) Capital advances	2930.45	5746.22
(b) Security deposits	16.58	18.69
(c) Other loans & advances - Advances recoverable in cash or kind*	91.30	390.88
Total	3038.33	6155.79

*It includes expenses which are amortised over a period of more than 12 months. (₹ in Lacs)

16 INVENTORIES: (valued at lower of cost or net realizable value)	As at March 31,2012	As at March 31,2011
Raw materials:		
- Paper	3351.96	2194.12
[Goods in transit]	217.50	159.43
- Chemicals	1139.27	30.13
[Goods in transit]	77.04	4.97
Work-in-progress	903.43	284.71
Finished goods	315.61	242.54
Stock in trade (In respect of goods acquired for trading)	83.47	-
Stores & spares	755.05	582.53
[Goods in transit]	0.91	12.47
Loose tools	381.68	224.58
Others :		
Fuels, packing material & chemicals	410.74	1163.58
[Goods in transit]	10.08	60.88
(Above inventories taken, valued and certified by the management)		
Total	7646.74	4959.94

(₹ in Lacs)

17 TRADE RECEIVABLES: (Unsecured, considered good, unless otherwise stated)	As at March 31,2012	As at March 31,2011
Outstanding for a period exceeding 6 months from the date they are due for payment	108.42	86.57
Others	5374.50	4792.78
Total	5482.92	4879.35

(₹ in Lacs)

18 CASH AND BANK BALANCES:	As at March 31,2012	As at March 31,2011
Cash and Cash Equivalents:		
a Balance with Banks :		
- In Collection accounts	49.83	45.07
- In Current accounts	19.80	506.44
- In EEFC accounts	0.45	42.86
- Deposits with foreign bank *	3203.49	6239.65
b Cash on hand	6.11	6.68
c Other bank balances:		
- In Dividend Accounts	13.36	12.79
- In Margin Money**	874.13	800.71
Total	4167.17	7654.20

*The balance lying with foreign bank of GDR issue account has been taken on the basis of E- statement of account received through mail.

** Margin Money deposits with a carrying amount of ₹ 874.13 Lacs (31 March 2011: ₹ 800.70 Lacs are given as margin against Letter of Credit open with bank)

(₹ in Lacs)

19 SHORT-TERM LOANS AND ADVANCES: Unsecured considered good, unless otherwise stated:	As at March 31,2012	As at March 31,2011
Loans and advances to related parties:		
- Loans to subsidiaries*	1416.01	-
Other loans and advances:		
- Advances recoverable in cash or kind	28.92	347.24
- Advances to creditors	5135.95	76.33
- Balances with government authorities	1735.26	1693.71
- Advance tax and mat credit entitlement	1457.04	1223.41
- Advance fringe benefit tax	0.53	0.53
- Prepaid expenses	123.67	120.38
Total	9897.38	3461.60

Disclosure under Clause 32 of Listing Agreement

(₹ in Lacs)

*Subsidiary Company	Outstanding as at March 31,2012	Maximum Balance outstanding during the year ended March 31,2012
Rainbow Infrabuild Pvt. Ltd.	354.87	589.86
Rainbow Papers JLT (Previous year Outstanding ₹ Nil)	1061.15	1061.15

(₹ in Lacs)

20 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for):	As at March 31,2012	As at March 31,2011
A. Contingent liabilities		
Guarantees:		
- Bank Guarantee	526.65	93.16
Other money for which company is contingently liable:		
- Additional Premium on Land *	18.78	18.78
- Liability in respect of additional Stamp Duty on purchase of Land	Not Ascertainable	Not Ascertainable

* 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.

B. Commitment:

Estimated amount of contracts, remaining to be executed on capital accounts and not provided for ₹ 5138.61 Lacs net of advance (PY ₹ 4422.86 Lacs).

(₹ in Lacs)

21 REVENUE FROM OPERATIONS:

	Year ended	
	March 31,2012	March 31,2011
Sale of products		
Paper sales	32844.65	28053.95
Paper sales (export) (including deemed exports)	10990.73	10487.65
Paper sales (trading)	998.76	251.52
Bricks sales	73.35	10.30
Plastic sheet sales	193.15	0.48
Sale of services		
Job work	36.55	44.27
Other Operating Revenue		
Export incentive	488.29	469.03
Fly ash sales	20.05	0.27
Miscellaneous waste sales	342.09	254.74
	45987.62	39572.21
Less : Excise duty	952.28	753.76
Total	45035.34	38818.45

(₹ in Lacs)

22 OTHER INCOME:

	Year ended	
	March 31,2012	March 31,2011
Dividend income	-	0.02
Insurance claim	-	363.56
Profit on sale of investments	-	2.90
Profit on sale of Fixed Assets	0.44	317.39
Foreign exchange gain (Net)	171.09	77.15
Total	171.53	761.02

(₹ in Lacs)

23 COST OF MATERIALS CONSUMED:

	Year ended	
	March 31,2012	March 31,2011
Opening Stock		
Papers	2353.55	1322.36
Chemicals	35.10	42.12
	2388.65	1364.48
Add : Purchases		
Papers	22712.68	19476.76
Chemicals	412.76	357.80
	25514.09	21199.04
Less : Closing Stock		
Papers	3569.46	2353.55
Chemicals	49.54	35.10
Total	21895.09	18810.39

(₹ in Lacs)

24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE :

	Year ended	
	March 31,2012	March 31,2011
Opening Stock		
Finished goods	242.54	146.38
Work in progress	284.71	240.34
Stock-in-trade	-	-
Total (A)	527.25	386.72
Closing Stock		
Finished goods	315.61	242.54
Work in progress	903.43	284.71
Stock-in-trade	83.47	-
Total (B)	1302.51	527.25
Total (A-B)	(775.26)	(140.53)

(₹ in Lacs)

25 EMPLOYEE BENEFITS EXPENSE:

	Year ended	
	March 31,2012	March 31,2011
Salary and Wages	1426.00	1021.26
Contribution to Provident and other funds	73.60	59.56
Staff welfare expense	36.01	20.15
Total	1535.61	1100.97

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under: (₹ in Lacs)

Particulars	2011-12	2010-11
Employer's Contribution to Provident Fund	19.49	15.54
Employer's Contribution to Pension Scheme	43.63	35.07
Employer's Contribution to Provident Fund(For Key Personnel)	0.05	0.07
Employer's Contribution to Pension Scheme(For Key Personnel)	0.13	0.16

Defined Benefit Plan

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 (₹ in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Opening defined benefit obligation	65.09	66.94	27.31	14.06
Excess / Short provision	(0.38)	-	0.00	-
Service cost	24.28	14.82	14.04	15.61
Interest cost	5.46	5.61	2.64	1.50
Actuarial (Gain) / Loss	24.89	(5.94)	14.81	4.35
Benefits paid	(4.26)	(16.35)	(6.78)	(8.21)
Closing defined benefit obligation	115.08	65.09	52.03	27.31

II. Reconciliation of opening and closing balance of fair value of plan assets (₹ in Lacs)

	Gratuity (Funded)	
	2011-12	2010-11
Opening fair value of plan assets	17.31	18.69
Expected return	1.51	1.61
Actuarial Gain / (Loss)	(1.84)	(0.59)
Employer contribution	3.73	13.95
Benefits paid	(4.26)	(16.35)
Closing fair value of plan assets	16.44	17.31

III. Reconciliation of fair value of assets and obligation (₹ in Lacs)

	2011-12	2010-11	2011-12	2010-11
Fair value of plan assets	16.44	17.31	-	-
Present value of obligation	115.08	65.09	52.03	27.31
Amount recognised in balance sheet	98.64	47.78	52.03	27.31

IV. Expense recognised during the year

(under the head "Employee benefit expense" of Notes '25') (₹ in Lacs)

	2011-12	2010-11	2011-12	2010-11
Gratuity (Funded) Leave Encashment (Unfunded)				
Service cost	24.28	14.82	14.04	15.61
Interest cost	5.46	5.62	2.64	1.50
Expected return on plan assets	(1.51)	(1.61)	0.00	0.00
Actuarial (Gain) / Loss	26.36	(5.35)	14.81	4.35
Net cost included in 'Employee Benefit Expense'	54.59	13.48	31.50	21.46

V. Investment Details

	% invested	
	2011-12 (%)	2010-11 (%)
Public sector securities	78%	76%
Special deposit schemes	0%	0%
State Govt. securities	0%	3%
FDR with banks	21%	20%
Balance with banks	1%	1%
Total	100%	100%

VI. Actuarial Assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Mortality Table(LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.50%	8.38%	8.50%	8.38%
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%

VII Amount for the current and previous four periods are as follows:

	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Gratuity (Funded)					
Defined Benefit obligation	115.08	65.09	66.94	81.58	67.3
Plan asset	16.44	17.31	18.69	30.15	28.91
Surplus/(deficit)	(98.64)	(47.78)	(48.25)	(51.43)	(38.39)
Experience adjustment on plan liability	27.18	-	-	-	-
Experience adjustment on plan assets	1.47	-	-	-	-
Leave Encashment (Unfunded)					
Defined benefit obligation	52.03	27.31	14.06	17.51	16.67
Experience adjustment on plan liability	8.80	-	-	-	-

VIII. Expected Employer's contribution for the next financial year

On the basis of previous year's trend, company is expecting to contribute the same amount as in 2011-12 to the defined contribution plan.

For the defined benefit plan company is not liable to contribute any amount for leave encashment as the plan is unfunded. However, for the gratuity which is funded, company is expecting to contribute such amount which can mitigate its future liability.

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.

(₹ in Lacs)

26 FINANCE COSTS:

	Year ended	
	March 31,2012	March 31,2011
(1) Interest expenses		
(a) Term loans	847.80	923.66
(b) Working capital facilities	1118.11	359.49
(c) Others	137.89	46.60
	2103.80	1329.75
Less: Interest on Margin Money , Deposits and others*	250.77	265.32
	1853.03	1064.43
(2) Other borrowing cost	664.23	520.86
(3) Net loss on foreign currency transactions**	287.68	173.50
Total	2804.94	1758.79

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

**Surplus of ₹ 171.09 Lacs being the impact of foreign exchange fluctuation on account of import, export, and foreign currency working capital have been recognized in other operating revenue however deficit of ₹ 287.68 Lacs being the impact of foreign exchange fluctuation on account of term loan facilities have been recognized in the finance cost.

27 OTHER EXPENSES:

	Year ended	
	March 31,2012	March 31,2011
Consumption of stores & spare parts	299.01	443.37
Consumption of chemical	3646.47	3332.60
Consumption of power & fuel	4432.98	3217.94
Consumption of packing materials	534.90	680.79
Paper pulping, cutting, packing and finishing expenses	407.01	426.55
Bricks processing charges	72.94	5.82
Plastic sheet processing charges	7.53	.
Repairs and maintenance :		
Machinery	114.22	94.28
Building	12.63	13.89
Others	44.50	31.26
	171.35	139.43
Payment to auditors	9.59	8.81
Factory expenses	122.61	96.78
Insurance	89.84	24.56
Rent expense	15.00	9.90
Rates and Taxes [includes Wealth Tax ₹ 63456] [Previous year Wealth Tax ₹ 4314]	8.94	4.78
Excise duty adjustment for stocks (net)*	5.06	0.19
Advertisement, Stationery and Communication	69.93	68.52
Legal, Consultancy and Professional Fees	80.86	67.96
Freight & forw. o/w expense (export)	780.25	917.30
Sales outward expenses	410.37	354.85
Selling costs	599.37	470.85
Miscellaneous expenses	211.59	123.70
Donation	1.80	7.30
Bad debts	-	18.18
Traveling & conveyance	85.87	62.85
Total	12063.28	10483.03

* Excise duty adjustment for stock under expenditure represents aggregate of excise duty borne by the company and the difference between excise duty on opening and closing stock of finished goods.

	Year ended	
	March 31,2012	March 31,2011
Payment to auditors		
As auditor:		
Statutory auditor	7.00	7.00
Tax auditor	0.80	0.80
For taxation matters	0.30	.
For company law matters	0.26	.
For other services	1.24	1.01
	9.59	8.81

(₹ in Lacs)

28 EXCEPTIONAL ITEMS:

	Year ended	
	March 31,2012	March 31,2011
Excess/(Short) provision of earlier years	(8.47)	(4.64)
Total	(8.47)	(4.64)

29) PROPOSED DIVIDEND:

	31.03.2012	31.03.2011
Dividend proposed to be distributed to equity shareholders		
- Total Amount (in Lacs)	364.87	348.87
- Per Share	0.40	0.40

30) 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.

31) 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::

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Operating Revenue by Geographical Segment		
India	33556.31	27861.76
Outside India	11479.02	10956.69
Addition to Fixed Assets and Intangible Assets		
India	4424.44	759.75
Outside India	-	-
Carrying amount of Fixed Assets		
India	69541.56	52709.56
Outside India	-	-

Notes:

- 1) Geographical Segments considered for disclosures are as follows :
 - Operating revenue outside India includes Paper sales (incl. deemed Export) and Export incentive.
 - Previous year's figures have been regrouped or rearrange wherever necessary.
- 2) Operating revenue comprises

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Sales	44184.90	38094.40
Other operating income	850.43	724.04

32) 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 (Subsidiary Company)
Rainbow Paper JLT	Control exists (Subsidiary Company)
Nigo Best Packs Pvt. Ltd	Control exists
Windsor Paper Pvt. Ltd	Control exists

II. Key Management Personnel and Relatives.

1. Shri Ajay R Goenka	Chairman & Managing Director
2. Shri Manish Bagadia	Executive Director (ceased w.e.f. 30.08.2011)
3. Shri Rahul J Maheswari	Executive Director (w.e.f 30.08.2011)
4. Smt. Sangeeta A Goenka	Sr. Vice President (Executive Director till 28.05.2010)
5. Smt. Niyati Agrawal	Sr. Vice President

(b) Disclosure of Related Party Transactions

(₹ in Lacs)

Nature of Transaction	Parties mentioned at a (I) above		Key management personnel	
	2011-12	2010-11	2011-12	2010-11
Unsecured Loan taken	2745.00	-	-	-
Office Rent Paid	-	-	6.00	0.90
Directors' Remuneration	-	-	118.95	96.99
Salary	-	-	35.65	15.10
Interest income from subsidiaries	57.31	-	-	-
Sale of Asset	-	-	-	1.70
Share Application Money	-	3015.00	-	-
Loan given to subsidiaries(Net of repayment)	1426.46	-	-	-
Convertible Warrant issued	915.00	-	-	-

Disclosures of material transactions with related parties during the year:

(₹ in Lacs)

Sr.No.	Description	Related Parties	Amount
1	Office Rent Paid	Shri Ajay R Goenka	6.00
2	Directors' Remuneration	Shri Ajay R Goenka	91.08
		Shri Manish Bagadia	13.97
		Shri Rahul J Maheshwari	13.90
3	Salary	Smt. Sangeeta A. Goenka	15.80
		Smt. Niyati Agrawal	19.85
4	Interest Income from subsidiaries	Rainbow Infrabuild Pvt. Ltd	3.34
		Rainbow Paper JLT	53.97
5	Loan given to subsidiaries (Net of repayment)	Rainbow Infrabuild Pvt. Ltd	354.86
		Rainbow Paper JLT	1061.15
6	Convertible Warrant issued	Orient Newsprint Ltd	915.00
7	Unsecured Loan taken	Orient Newsprint Ltd	2745.00

33) Earning per share:

Particulars		31.03.2012	31.03.2011
Net profit for the year attributable to Equity Shareholders	₹ Lacs	3276.24	3710.16
Weighted average number of Equity Shares outstanding for Basic earning per shares	Numbers	89567027	87217300
Weighted average number of Equity Shares outstanding for Diluted earning per shares	Numbers	93091617	87217300
Basic earnings per share (face value of ₹ 2 each)	₹	3.66	4.25
Diluted earnings per share (face value of ₹ 2 each)	₹	3.52	4.25

34) 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 31-3-2012 are as under:

Year	Currency	Exposure to Buy/Sell	No. of contracts	₹ in Lacs	Foreign currency
2011-12	N.A.	N.A.	NIL	NIL	N.A.
2010-11	USD	Buy	11	2461.04	5511850

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

(Amt. in Lacs)

	2011-12	2010-11
Payables - USD	55.55	20.90
Receivables - USD	11.58	17.46
Receivables - Euro	0.79	0.75
Bank Balance - USD	62.63	140.68
Term Loans - USD	393.78	269.23
Term Loans - GBP	-	17.52

35) Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year as per revised Schedule-VI.

36) Information regarding stock:

a) Consumption of Raw Materials:

(₹ in Lacs)

Product	2011-12 Amount	2010-11 Amount
Base & Waste Papers	21496.76	18445.57
Chemicals (Coating Division)	398.32	364.82
TOTAL	21895.08	18810.39

b) Work in Progress: (₹ in Lacs)

Product	2011-12 Amount	2010-11 Amount
Paper & others	895.89	276.39
Chemicals (Coating Division)	7.54	8.31
TOTAL	903.43	284.70

c) Sales, Opening and Closing Stock of Finished Goods: (₹ in Lacs)

Product	Sales		Opening Stock		Closing Stock	
	2011-12 Amount	2010-11 Amount	2011-12 Amount	2010-11 Amount	2011-12 Amount	2010-11 Amount
Papers	44148.35	38050.13	242.54	146.38	315.61	242.54

d) Details of Goods Traded: (₹ in Lacs)

Goods Purchased	2011-12 Amount	2010-11 Amount
Paper	993.12	236.42

e) Value of imports calculated on C.I.F. basis during the financial year in respect of: (₹ in Lacs)

	2011-12	2010-11
(i) Raw Materials	7210.02	8939.40
(ii) Components – spare parts	64.84	163.95
(iii) Chemical	128.88	259.29
(iv) Capital Goods	265.08	77.43

f) Expenditure in foreign currency during the financial year: (₹ in Lacs)

	2011-12	2010-11
(i) Technical Know how / Professional Fees / Consultancy Fees	7.75	16.01
(ii) Interest on FCNR Loan	2388.96	1380.71
(iii) Foreign Traveling Exp	15.46	3.46

g) Value of Raw Materials, Stores, Chemical & Spares consumed during the year: (₹ in Lacs)

	Amount		% of total consumption	
	2011-12	2010-11	2011-12	2010-11
Raw Materials:				
i) Imported	7731.09	9896.80	35%	53%
ii) Indigenous	14163.99	8913.59	65%	47%
Total	21895.08	18810.39	100%	100%
Stores, Spares & Chemical:				
i) Imported	213.05	433.31	6%	11%
ii) Indigenous	3732.04	3342.66	94%	89%
Total	3945.09	3775.97	100%	100%

(₹ in Lacs)

	2011-12	2010-11
h) Earning in Foreign Exchange:		
- Export of goods on F.O.B. basis	9340.44	9425.24
- Interest on Deposits	236.06	84.47
l) The amount remitted during the year in foreign currency for dividend (*)	116.89	175.75
- Number of non-resident shareholders	18	10
- Number of shares held by them	29221775	8787252

(*) 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
Ahmedabad
May 24, 2012

For and on behalf of the Board of Directors

Ajay Goenka	Chairman & Managing Director
Rahul Maheshwari	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Runel Rathi	Company Secretary

Place : Ahmedabad
Date : May 24, 2012

(Amount in Lacs)

**STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANIES**

Sr.No.	Name of Subsidiary Company	Rainbow Infrabuild Private Limited, Ahmedabad	Rainbow Papers JLT, Dubai
1	Country Reporting	INDIA	U.A.E
2	Currency	₹	AED
3	Capital	1.00	3.00
4	Reserves	24.53	94.91
5	Total Assets	848.51	232.29
6	Total Liabilites	848.51	232.29
7	Investment other than Investment in	-	-
8	Turnover	1153.82	1023.72
9	Profit before Taxation	37.00	94.91
10	Provision for Taxation	12.42	-
11	Profit after Taxation	24.58	94.91
12	Proposed Dividend	-	-

For and on behalf of the Board of Directors

Ajay Goenka	Chairman & Managing Director
Rahul Maheshwari	Executive Director
Rajendra Patawari	Director
Shashikant Thakar	Director
Kantibhai Patel	Director
Runel Rathi	Company Secretary

Place : Ahmedabad
Date : May 24, 2012

NOTES

RAINBOW PAPERS LTD
www.rainbowpapers.com

Address for Correspondence:
The COMPANY SECRETARY
Rainbow Papers Ltd
801, Avdhesh House,
Opp. Guru Govind Gurudwara,
SG Highway, Thaltej,
Ahmedabad-380054.
Gujarat. INDIA
Tel: 91-79-26855714/16
Fax: 91-79-26855712/44
Email: info@rainbowpapers.com
secretarial@rainbowpapers.com
www.rainbowpapers.com