

# THIRTEENTH ANNUAL REPORT 1998-99

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***Rainbow***   
PAPERS LTD.



## **RAINBOW PAPERS LIMITED**

### **1998 - 99**

#### **BOARD OF DIRECTORS**

RADHESHYAM GOENKA  
AJAY GOENKA  
SANGEETA GOENKA  
HEMANT C. MEHTA  
KAMLESH J. SHAH  
V. M. PATEL

Chairman and Managing Director  
Managing Director

(Nominee of GIC)

#### **COMPANY SECRETARY**

KAMLESH J. SHAH

#### **AUDITORS**

PRAVIN M. SHAH & CO.,  
5, Ratn Apartments,  
B/h. Dena Bank,  
Opp. Mayor's Bungalow,  
Law Garden,  
Ahmedabad - 380 006.

#### **BANKERS**

STATE BANK OF INDIA,  
Laghu Udyog Branch,  
Ahmedabad.

#### **REGISTERED OFFICE**

16, Bhadr-raj Chambers,  
Swastik Char Rasta,  
Navrangpura,  
Ahmedabad - 380 009.

#### **WORKS**

1423, Village Rajpur, Dist. Mehsana.  
1453, Village Rajpur, Dist. Mehsana.  
158/159, GVM, Odhav, Ahmedabad.  
250, Village Lamba, Dist. Jamnagar.  
769, 770, 771, Village Dhank, Dist. Rajkot.

**RAINBOW PAPERS LIMITED**

Registered Office:16, Bhadr-raj Chambers, Swastik Char Rasta, Navrangpura, Ahmedabad -380009.

**NOTICE**

NOTICE is hereby given that the THIRTEENTH Annual General Meeting of the Members of **RAINBOW PAPERS LIMITED** will be held on Monday, the 27th September, 1999 at 11.00 A.M. at 158/159, Gujarat Vepari Mahamandal Sahakari Audyogik Vasahat Ltd., Odhav, Ahmedabad 382 415, to transact the following business :

**ORDINARY BUSINESS**

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri. Hemant C. Mehta who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

- (4) To consider and, if thought fit to pass, with or without modification(s) the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT Shri Kamlesh J. Shah, who was appointed as Additional Director of the Company pursuant to Article 137 of Articles of Association and holds office only upto the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956, but being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a Director in accordance with provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation."
- (5) To consider and, if thought fit to pass, with or without modification(s) the following resolution as a Special Resolution :  
 "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows by inserting Article 27A after the Existing Article 27:

**27A DEMATERIALISATION OF SECURITIES**

The provisions of this Article shall apply only in respect of Securities held in Depository mode and Provisions of the other Articles shall be construed accordingly.

**(a) Definitions**

For the purpose of this Article :

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;  
 "SEBI" means the Securities and Exchange Board of India;  
 'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act 1992, and 'Security' means such security as may be specified by SEBI from time to time.

**(b) Dematerialisation of Securities**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

**(c) Options for investors**

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.



If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

**(d) Securities in Depositories to be in fungible form**

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**(e) Rights of Depositories and Beneficial Owners**

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- ii. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- iii. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

**(f) Service of Document**

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

**(g) Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

**(h) Allotment of Securities dealt with in a Depository**

Notwithstanding anything in the Act or these Articles, where securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

**(i) Distinctive numbers of Securities held in a Depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of securities issued by the Company shall apply to securities held in a depository.

**(j) Register and Index of Beneficial Owners**

The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

**(k) Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository**

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notice and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

PLACE: AHMEDABAD

DATE : 18-08-1999

By Order of the Board of Directors

( KAMLESH J. SHAH )  
COMPANY SECRETARY

**NOTES :-**

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- (3) The Register of Members and the Share Transfer Books of Equity Shares of the Company will remain closed from Thursday, the 16th September, 1999 to Monday, the 27th September, 1999, (both days inclusive).
- (4) Shareholders seeking any information with regard to Accounts are requested to write to the Company at least Seven days in advance to enable the Management to keep the information ready.
- (5) In accordance with the provisions of Section 205(A) of the Companies Act, 1956, the Company has transferred un-claimed Dividend to the General Revenue Account of the Central Government for the Financial Year 1992-93, 1993-94 and 1994-95. The concern members may therefore submit their claims in the prescribed form to the Registrar of Companies, Gujarat. Members who have not received Dividend for the Financial Year 1995-96 and 1996-97 may immediately write to the Registered Office of the Company.
- (6) Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.

PLACE : AHMEDABAD

By Order of the Board of Directors,

DATE : 18-08-1999

(KAMLESH J. SHAH)  
COMPANY SECRETARY**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.4**

Shri Kamlesh J. Shah, was appointed as an Additional Director by the Board of Directors on 29th July, 1999. In accordance with the provisions of Section 260 of the Companies Act, 1956, the said Director holds office upto the date of the Annual General Meeting. The Company has received a Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 from some members of the Company proposing his candidature for the office of Director.

Shri Kamlesh J. Shah is a Company Secretary and has long standing experience in Legal and other allied areas. Your Directors consider that his continuation on the Board will be extremely beneficial to the Company.

None of the Directors except Shri Kamlesh J. Shah is in any way concerned or interested in the said resolution.

**ITEM NO.5**

Consequent to the passing of the Depositories Act, 1996 and with introduction of the Depository System, certain provisions of the Companies Act, 1956 and the Securities Contract (Regulation) Act, have been amended to facilitate the implementation of the Depository system. The Depository System of holding Securities is an electronic form is a far safer and more convenient method for holding and trading in the Securities of a Company. Suitable modifications accordingly require to be made in the Articles of Association of the Company pertaining to the issue, holding, transfer and transmission of shares and other related matters. It is therefore proposed to pass a special resolution to give effect to the changes in Articles of Association as referred in item no.5.

The Board of Directors, therefore, recommend the Shareholders approval of this item of the accompanying Notice.

None of the Directors is concerned or interested in passing of this Resolution.

PLACE : AHMEDABAD

By Order of the Board of Directors,

DATE : 18-08-1999

(KAMLESH J. SHAH)  
COMPANY SECRETARY

**NOTES :** The Company's Security is listed at Ahmedabad & Mumbai Stock Exchange. The Company has paid Annual Listing Fees to both Stock Exchanges for the Financial Year 1999-2000.

**DIRECTORS' REPORT**

TO  
THE MEMBERS,  
RAINBOW PAPERS LIMITED,

Your Directors have pleasure in presenting the 13th Annual Report together with the Audited Statement of Annual Accounts for the year ended 31st March, 1999 and the Auditor's Report thereon.

**FINANCIAL RESULTS :**

	(Rupees)	
	Year ended 31.03.99	Year ended 31.03.98
Profit before Interest, Depreciation and Taxation	2,96,21,449	3,62,47,665
Less : Interest	1,07,35,665	1,26,77,812
Depreciation	1,72,67,449	1,63,33,221
Provision for Taxation	2,00,000	6,00,000
Net Profit after Taxation	14,18,335	66,36,632
Add : Provision not required and hence written back	3,60,027	-
Less: Short Provisions Written off	970	-
Net profit for the year	17,77,392	66,36,632
Profit brought forward	1,33,97,047	87,60,415
Net Surplus available for appropriations	1,51,74,439	1,53,97,047
<b>Appropriations :</b>		
Transfer to General Reserve	5,00,000	20,00,000
Surplus carried forward to Balance Sheet	1,46,74,439	1,33,97,047

**DIVIDEND:**

In view of the lower operating Profits for the year under review, your Directors do not recommend any dividend for the year ended 31st March, 1999.

**BUSINESS OPERATIONS:**

The Business performance of the Company during the year under review, was satisfactory though adverse market conditions prevailed in Paper Industry. Total Income during the year under review, was lower at Rs.5146.93 lacs as against Rs.5801.26 lacs last year and as a result the earning was reduced compared to last year. The Profit After Tax was down from Rs. 66.37 lacs to Rs.14.18 lacs due to increase in cost of Power, Coal and Raw-materials and higher rate Interest payment to Financial Institutions.

**YEAR IN PROSPECTS:**

The provisional operational working results of first quarter of the current Financial Year is encouraging. Your Company has achieved a Turnover of Rs.1376.88 lacs and Net Profit of Rs.23.85 lacs after interest but before depreciation. After Modernisation, your Company developed various customer oriented products which enabled the Company to maintain higher sales level in the first quarter of current financial year. The market response for new varieties of paper products is encouraging and has resulted in bulk orders from Dealers and Consumers.

**TECHNOLOGY UP-GRADATION-CUM-MODERNISATION AT PAPER PLANT :**

Your Directors have pleasure to inform you that the Company has completed the Technology Upgradation-cum-Modernisation at Paper Plant in the first quarter of 1999 by installing "QUALITY PLUS SYSTEM" from M/s.HONEYWELL MEASUREX ASIA INC, U.S.A. and also installed other Balancing Equipments. Your Company has incurred Capital Expenditure of Rs.856.64 lacs for Modernisation of Paper Plant. Due to Modernisation, your Company has reaped the benefits by way of increased production, lower consumption of Raw-materials and Power & Fuel, reduction in pollution problems etc. The Office of the Industries Commissioner issued the Adhoc "Eligibility Certificate" for Sales-tax Incentives for Modernisation of existing Industrial Unit under Incentive Scheme 1995-2000 of Government of Gujarat.

**FINANCE:**

During the year under review, the GIIC Ltd. disbursed balance Term Loan of Rs.387.52 lacs out of sanctioned Term Loan of Rs.490 lacs to meet the Cost of Modernisation. The GIIC Ltd. also



sanctioned and disbursed Term Loan of Rs.130 lacs under EFS to meet the additional Cost of Modernisation during the year. During the year, your Company re-paid Rs. 212.30 lacs towards due instalments to Financial Institutions and Bank.

#### **STATUS OF Y2K COMPLIANCE:**

Your Company is keenly aware of the need to ensure Y2K compliance. Your Company has taken effective steps to meet Y2K compliance in respect of all its Plants, Equipments and Computerised systems. The compliance of Y2K problem is expected to be completed very soon.

#### **DIRECTORS:**

In accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Shri Hemant C. Mehta retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Shri P.B.Umesh resigned from the Directorship of the Company on 29th July 1999. Your Directors wish to place on record their deep sense of appreciation for Shri P.B.Umesh's valuable contribution during his tenure as Director of the Company.

Shri Kamlesh J. Shah was appointed as an Additional Director on 29th July, 1999 and holds office upto to the conclusion of the ensuing Annual General Meeting. Shri Kamlesh J. Shah is a Company Secretary by profession and has long standing experience in legal and other allied areas. Your Directors consider that his continuation on the Board will be extremely beneficial to the Company and hence recommend passing the resolution appointing him as Director at the ensuing Annual General Meeting.

#### **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 forming part of the Directors' Report for the year ended 31st March, 1999 is Nil.

#### **PUBLIC DEPOSITS:**

The Company has not accepted any Deposits from public within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

#### **INSURANCE:**

Adequate Insurance cover has been taken for Properties and Assets of the Company including Buildings, Plant & Machineries and stocks.

#### **AUDITORS:**

The auditors of the Company, M/s. Pravin M. Shah & Co., Chartered Accountants retire at this Annual General Meeting and are eligible for re-appointment. You are requested to appoint Auditors to hold office until the next Annual General Meeting and to fix their remuneration.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.:**

Additional information as required in terms of the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 regarding conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed herewith and forms part of this report.

#### **ACKNOWLEDGMENT:**

Your Directors would like to express their grateful appreciation for the co-operation and assistance received from the Financial Institutions, Banks, State Government and Shareholders. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the Company for the Company's success.

#### **REGISTERED OFFICE :**

16, Bhadr-raj Chambers,  
Near Swastik Char Rasta,  
Navrangpura,  
AHMEDABAD - 380 009.  
Date : 18-08-1999

For and on behalf of the Board

**RADHESHYAM GOENKA**  
Chairman & Mg. Director