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ANNUAL REPORT

2001-2002

**BOARD OF DIRECTORS****RADHESHYAM GOENKA**

CHAIRMAN & MANAGING DIRECTOR

AJAY GOENKA

MANAGING DIRECTOR

SANGEETA GOENKA**HEMANT C MEHTA****KAMLESH J. SHAH****O.P.GOYAL****RENU JAJOO****C. M SHAH**

(NOMINEE DIRECTOR OF GHIC LTD)

COMPANY SECRETARY

KAMLESH J. SHAH

AUDITORS**PRAVIN M SHAH & CO**

5, RATN APARTMENTS

B/H DENA BANK,

OPP. MAYOR'S BUNGLOW

LAW GARDEN,

AHMEDABAD- 380 006

COST AUDITORS**SHRI V. H. SHAH**

W/3, SAKAL APARTMENTS,

OPP. POST OFFICE, NARANPURA

AHMEDABAD-380 013

BANKERS**STATE BANK OF INDIA,**

SPECIALISED COMMERCIAL BRANCH,

AHMEDABAD.

REGISTERED OFFICE

801, AVDHESH HOUSE,

OPP. SHRI GOVIND GURUDWARA,

GANDHINAGAR-SARKHEJ HIGHWAY,

THALTEJ.

AHMEDABAD-380 054

WORKS

1453, VILLAGE RAJPUR.DIST. MEHSANA

1423, VILLAGE RAJPUR, DIST. MEHSANA

250, VILLAGE LAMBA, DIST. JAMNAGAR

769/770/771, VILLAGE DHANK, DIST. RAJKOT.



NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of **RAINBOW PAPERS LIMITED** will be held on **THURSDAY, 26th SEPTEMBER, 2002** at 11.00 A.M. at 801, Avdhesh House, Opp. Shri Govind Gurudwara, Gandhinagar- Sarkhej Highway, Thaltej, Ahmedabad- 380 054 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2002 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Radheshyam Goenka who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Ajay Goenka who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :
 " RESOLVED THAT Shri O.P.Goyal who has been appointed as an Additional Director of the Company pursuant to Article 137 of the Articles of Association and holds office only up to 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 appointment and in respect of whom the Company has received a Notice in writing from some of the members 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 a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation.
6. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :
 " RESOLVED THAT Smt. Renu Jajoo who has been appointed as an Additional Director of the Company pursuant to Article 137 of the Articles of Association and holds office only up to the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956 but being eligible offers herself for appointment and in respect of whom the Company has received a Notice in writing from some of the members proposing her candidature for the office of a Director in accordance with the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation.

PLACE : AHMEDABAD
DATE : AUGUST 24, 2002

BY ORDER OF THE BOARD OF DIRECTORS

(KAMLESH J SHAH)
COMPANY SECRETARY

NOTES :

1. 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.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.



3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 19th September, 2002 To Thursday, 26th September, 2002 (both days inclusive).
4. The Securities and Exchange Board Of India (SEBI) has made trading in the shares of the Company compulsory in dematerialized form. Shareholders are requested to open an account with Depository Participants, if not done so far.
5. Pursuant to Section 205 A of the Companies Act, 1956 read with Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, all unclaimed dividends up to and including the dividend for the year ended March 31, 1995 were transferred within the prescribed time to the General Revenue Account of the Central Government. Members who have not encashed/ claimed the dividend warrants for the said period are requested to approach the Registrar of Companies, Gujarat CGO Complex, Opp. Rupal Park Society, Naranpura, Ahmedabad-380 013.
The Shareholders of the Company are informed that pursuant to the Companies (Amendment) Act, 1999 the amount of Dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Protection Fund to be constituted by the Central Government and the Shareholder would not be able to claim any amount of the Dividend so transferred to the Fund. As such, Shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company during the year 1996 and thereafter.
7. The introduction of Section 109 A by the Companies (Amendment) Act, 1999 provides for Nomination by the shareholders of the Company in the prescribed Form No. 2 B. The shareholders are invited to avail of this facility . The duly filled in and signed Form No. 2 B should be sent to the Company's Registered Office.
8. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
9. 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 atleast seven days before the date of the meeting, so that the information may be made available at the meeting , to the best extent possible.
10. In terms of Clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of Directors, who are proposed to be appointed/reappointed at this meeting are given below.

Name of Director	Shri R.S. Goenka	Shri Ajay Goenka	Shri O.P.Goyal	Smt. Renu Jajoo
Date of Birth	20-04-1929	23-02-1958	09-03-1945	08-08-1973
Date of Appointment	14-04-1990	11-09-1990	30-07-2002	30-07-2002
Experience	Industrialist having 40 years Business Experience	Industrialist having 20 years Business Experience	Service	Professional
Directorships in Other Companies	—	Radhey Papers- Pvt. Ltd. Drupa Suppliers Pvt. Ltd.	—	—

PLACE : AHMEDABAD
DATE : AUGUST 24, 2002

BY ORDER OF THE BOARD OF DIRECTORS

(KAMLESH J SHAH)
COMPANY SECRETARY

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM : 5**

Shri O.P.Goyal was appointed as an Additional Director by the Board of Directors on 30th July, 2002. In accordance with the provisions of Section 260 of the Companies Act, 1956, the said Director holds office up to the date of the Annual General Meeting. The Company has received a Notice pursuant to section 257 of the Companies Act, 1956 from some of the members of the Company proposing his candidature for the office of Director.

Shri O.P.Goyal 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.

None of the Directors except Shri O.P.Goyal is in any way concerned or interested in the said resolution.

ITEM : 6

Smt. Renu Jajoo was appointed as an Additional Director by the Board of Directors on 30th July, 2002. In accordance with the provisions of Section 260 of the Companies Act, 1956, the said Director holds office up to the date of the Annual General Meeting. The Company has received a Notice pursuant to section 257 of the Companies Act, 1956 from some of the members of the Company proposing her candidature for the office of Director.

Smt. Renu Jajoo is a Professional Chartered Accountant and has experience in Accounts and Finance. Your Directors consider that her continuation on the Board will be extremely beneficial to the Company.

None of the Directors except Smt. Renu Jajoo is in any way concerned or interested in the said resolution.

PLACE : AHMEDABAD
DATE : AUGUST 24, 2002

BY ORDER OF THE BOARD OF DIRECTORS

(KAMLESH J SHAH)
COMPANY SECRETARY



DIRECTORS' REPORT

**To,
The Members,
RAINBOW PAPERS LIMITED.**

Your Directors have pleasure in submitting the Sixteenth Annual Report along with Audited Balance Sheet and Profit & Loss Accounts for the year ended March 31, 2002.

	RUPEES	
FINANCIAL RESULTS :	2001-2002	2000-2001
Profit before Interest Depreciation & Taxation	4,91,77,835	5,63,59,019
LESS :		
Interest	1,23,58,210	1,03,61,974
Depreciation	2,73,94,861	4,12,25,960
PROVISION FOR TAXATION		
(a) for Current Tax	7,50,000	7,00,000
(b) for Deferred Tax	30,73,009	----
NET PROFIT AFTER TAXATION	56,01,755	40,71,085
Add/Less : Provision not required, hence	-37,204	-3,62,622
Written back (Net)		
Less : Provision for Diminution in value of Investments	1,18,335	----
Less : Prior Period Adjustments (Net)	1,47,855	1,81,296
Less : Sales Tax Demand of earlier years	15,74,528	----
BALANCE PROFIT FOR THE YEAR	37,23,833	35,27,167
Add : Balance brought forward	1,98,28,572	1,66,01,405
NET SURPLUS AVAILABLE FOR APPROPRIATION	2,35,52,405	2,01,28,572
APPROPRIATION :		
Transfer to General Reserve	3,00,000	3,00,000
Surplus carried forward to Balance Sheet	2,32,52,405	1,98,28,572

DIVIDEND :

To Strengthen the Financial Resources, your Directors do not recommend any dividend for the year ended March 31, 2002.

BUSINESS PERFORMANCE :

During the year, the Business Performance of the Company has shown satisfactory working. For the year under review, Turnover decreased from Rs. 8117.49 Lacs to Rs. 7651.30 Lacs compared to last year which shows a decrease by 5.74%. In spite of decrease in Turnover, the Net Profit has been improved. Your Company has made Net Profit of Rs.37.24 Lacs after making all necessary provision for Interest, Depreciation and Taxation compared to Net Profit of Rs.35.27 Lacs in the previous year which shows an increase by 5.59%. Your Directors are concentrating to improve the Business Performance with Export Markets and are preparing to meet the challenges of Globalisation. Your Company has installed latest Equipments in Paper Division of the Company and your Directors are hopeful to achieve better performance during the Current Financial Year.

During the First quarter of the Current Financial Year, your Company has achieved better working results. The Company achieved a Turnover of Rs.2134.25 Lacs and looking to the favourable marketing conditions, your Directors expect higher growth in revenue in the Financial Year 2002-2003.

FINANCE :

During the year under review, your Company received balance disbursement of Rs.9.70 Lacs from GLIC Ltd. The Company re-paid Rs.202.52 Lacs to the Financial Institution towards the due instalments.

PUBLIC DEPOSITS :

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

INSURANCE :

Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machineries, Stocks etc.

DIRECTORS :

Shri C. M. Shah, on behalf of GLIC Ltd. had been appointed as Nominee Director on 30th April 2002 on the Board of the company in place of Shri V. M. Patel. Your Directors placed on record appreciation of the valuable services rendered to the Company by Shri V. M. Patel during his tenure as a Director of the Company.

Shri O.P.Goyal, and Smt. Renu Jajoo were appointed as Additional Directors on 30th July, 2002 and they hold office up to the date of this Annual General Meeting. Both the appointees are expert in their respective fields and their continuation on the Board will be extremely beneficial to the Company. Hence the Board recommend the passing of resolution to appoint them as Directors at the ensuing Annual General Meeting.

Shri Radheshyam Goenka and Shri Ajay Goenka retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.



DIRECTORS RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that :

- (1) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures.
- (2) 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 at the end of the Financial Year and of the Profit of the Company for that period.
- (3) the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
- (4) the Directors have prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES :

The information required as per sub- section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report for the year ended March 31, 2002 is not given as the same is not applicable to the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

The particulars as prescribed under sub- section (1) (e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure ' A ' forming part of this Report.

CORPORATE GOVERNANCE :

Your Company has always striven to incorporate standards for good Corporate Governance. It has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchange, with which the Company is listed, are complied with. This becomes effective for your Company from the Financial Year 2002-2003. However the Company has taken effective steps in compliance with most of the requirements on Corporate Governance and has formed following Committee :

- (1) The Company has constituted Audit Committee and all the members are Non- Executive and Independent Directors.
- (2) The Company has also Constituted Shareholder's/Investors Grievance Committee and Remuneration Committee consisting of three Directors two of which are Non-Executive and Independent Directors.

AUDITORS :

Members are requested to appoint Auditors for the period from the conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s Pravin M Shah & Co, retire and being eligible, offer themselves for re-appointment.

M/s Pravin M Shah & Co have furnished a written certificate to the Company certifying that if they are appointed Auditors of the Company, such appointment would be within the limits specified in Section 224 (1) (B) of the Companies Act, 1956.

AUDITORS' REPORT :

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

COST AUDITORS :

Pursuant to the directives of the Central Government under the provisions of Section 233 B of the Companies Act, 1956 the Company has appointed Shri V. H. Shah, Qualified Cost Auditor to conduct the Audit of Cost Records of the Company.

APPRECIATION :

The Company places on record its deep appreciation for the devoted services of the loyal workers, staff and the executives of the Company who have contributed in no small measure to the improved performance and the Company's inherent strength. Grateful thanks are also due to State Government, Banking circles and Financial Institution for their continued support extended to the Company from time to time. Shareholders' appreciation of the managements' efforts at the General Meetings of the Company are also a great fillip to strive for better performance year after year.

REGISTERED OFFICE :

801, Avdhesh House,
Opp. Shri Govind Gurudwara,
Gandhinagar-Sarkhej Highway,
Thaltej,
AHMEDABAD-380 054

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

PLACE : AHMEDABAD
DATE : AUGUST 24, 2002

(RADHESHYAM GOENKA)
CHAIRMAN



ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2002 ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217 (1) (c) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY :

1. Energy Conservation Measures Taken : During the year the Company installed High Efficiency Electric Motors, Invertors and other Energy saving Equipments to bring down the Power Cost.
2. Additional Investment & Proposal if any being Implemented for reduction of consumption of energy. : Additional Investment is being made in phase manner at every stage of production to reduce energy cost.
3. Impact of measures at (1) & (2) above for the reduction of energy consumption and consequent impact in the cost of production of goods. : The above investment will give results in savings of Electricity and Coal Consumption.
4. Total Energy Consumption and Energy Consumption for unit of Production : Please see Form-A annexed herewith.

**FORM-A
(SEE RULE 2)**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

2001-2002 2000-2001

POWER & FUEL CONSUMPTION

1. Electricity

(a) PURCHASED

Purchased Units (KWH)	15656581	15033423
Total Amount (RS.)	73142162	68961893
Rate/Unit (RS.)	4.67	4.59

(B) OWN GENERATION

THROUGH DIESEL GENERATOR

Units	344464	279408
Units Per Ltrs. Of Diesel Oil	2.22	1.95
Cost/Unit (RS.)	8.97	8.16

2. COAL

Quantity (TONNS)	11505.31	11445.57
Total Cost (RS)	14885733	14467033
Average Rate (RS)	1293.81	1263.99

3. FURNACE OIL :

Quantity (K.Ltrs)	708.60	715.40
Total Amount (RS)	6816542	7524388
Average Rate (RS)	9619.73	10517.74

CONSUMPTION PER UNIT OF PRODUCTION :

PRODUCTION (M.T)	31198.47	29669.02
ELECTRICITY (UNITS/TON)	501.84	506.70
FURNACE OIL (LTRS/TON)	83.66	114.24
STEAM COAL (TON/TON)	506.21	516.24