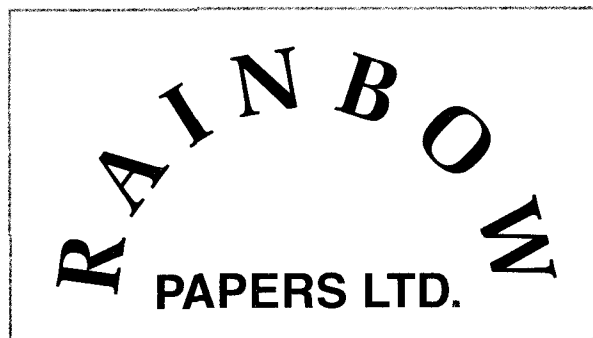


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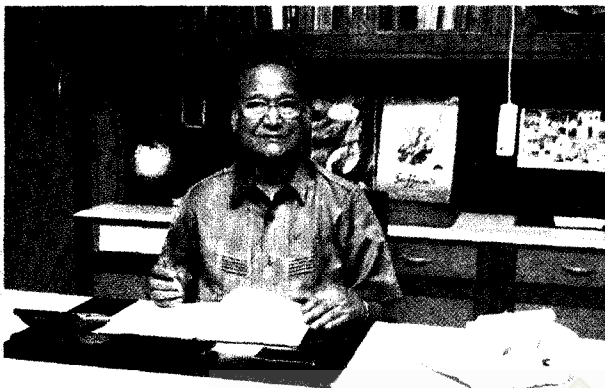
Annual Report 2002-2003





ॐ श्री गणेशाय नमः :

सब कुछ भगवान् ही है
ऐसा स्वीकार कर लेना
सर्वश्रेष्ठ साधन है ।



From our CMD's Desk

Dear Shareholders,

Report Junction.com

It gives me great pleasure to meet you again at the Seventeenth Annual General meeting. Inspite of the general recession in the paper industry your company has shown a very satisfactory working and has also strengthened its position in the foreign market. The turnover and the Net profit of the company has also increased.

As you are all aware that the Company has taken up the expansion cum up-gradation project which includes setting up of an additional Paper machine of superior quality with a production capacity of 100 tonnes per day. Besides, the Company is also setting up its own 5 MW Co-Generation Captive Power Plant at Rajpur, Kadi. This Power Plant would enable the company to get regular and constant supply of power to solve the problem of frequent power failure thereby causing interruption in the production. The Company has always given first priority to the quality of its product and for the same it has placed orders for the 2 nos. of De-inking lines of imported technology. This will again enable the Company to improve upon the quality of its product to a substantial level. The working on the new Projects is going as per the scheduled targets and there would be no time overrun. The projects are likely to commence by December, 2003 and the same would result in substantial increase in the cash profits and improve the productivity. The new projects would also enable the company to make its position much more stronger and compete with various leading paper mills.

During the year Company has also introduced various new product range to the existing range of products. This includes Excel Cromo paper, Coated colour Baord, 2 side Coated Colour Board and paper etc.

Last but not the least I would like to thank all the Bankers, Business associates, distributors, agents, employees and the shareholders for showing trust and confidence and enabling the company to move towards the path of success.

Yours sincerely,

Radheshyam Goenka
Chairman and Managing Director



BOARD OF DIRECTORS	SHRI RADHESHYAM GOENKA : CHAIRMAN & MANAGING DIRECTOR SHRI AJAY GOENKA : MANAGING DIRECTOR SHRI SANGEETA GOENKA : EXECUTIVE DIRECTOR SHRI O.P.GOYAL : WHOLE TIME DIRECTOR SMT. RENU JAJOO : DIRECTOR SHRI MAHENDRA JINDAL : DIRECTOR SHRI MITESH SHAH : DIRECTOR SHRI C. M SHAH : DIRECTOR
COMPANY SECRETARY	MS. RUNEL BALDWA
AUDITORS	PRAVIN M SHAH & COMPANY, CHARTERED ACCOUNTANTS, 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	INDIAN OVERSEAS BANK, KALUPUR CIRCLE, KALUPUR, AHMEDABAD CORPORATION BANK, INDUSTRIAL FINANCE BRANCH, RANGOLI COMPLEX, OPP. V. S. HOSPITAL, AHMEDABAD
REGISTERED OFFICE	801, AVDHESH HOUSE, OPP. SHRI GOVIND GURUDWARA, SARKHEJ-GANDHINAGAR 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.
SHARE TRANSFER REGISTRAR	PINNACLE SHARES REGISTRY PRIVATE LIMITED, NEAR ASHOKA MILLS, NARODA ROAD, AHMEDABAD – 380 025

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NOTICE

NOTICE is hereby given that the **SEVENTEENTH** Annual General Meeting of the Members of RAINBOW PAPERS LIMITED will be held on SATURDAY, the 27th Day of SEPTEMBER, 2003 at 11.00 A.M. at 8th Floor, Avdhesh House, Opp. Shri Govind Gurudwara, Sarkhej - Gandhinagar-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, 2003 and Profit and Loss Account for the year ended on that date and the Directors' and the Auditors' Report thereon.
2. To declare Dividend on the Equity Shares of the Company.
3. To appoint a Director in place of Smt. Sangeeta Goenka who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors of the Company for the financial year 2003-2004, 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 Mitesh Shah who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 3rd March, 2003 pursuant to Article 137 of Articles of Association and holds office up to the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member, proposing his candidature for the office of 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 Shri Mahendra Jindal who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 3rd March, 2003 pursuant to Article 137 of Articles of Association

and holds office up to the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member, proposing his candidature for the office of 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."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri C. M. Shah who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 25th April, 2003 pursuant to Article 137 of Articles of Association and holds office up to the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member, proposing his candidature for the office of 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."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 198 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves the appointment of Smt. Sangeeta Goenka as an Executive Director of the Company with effect from 15th November, 2002 for a period of three years on a remuneration and other terms and conditions as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as contained in the Draft letter of agreement placed before the meeting and initialled by the Chairman for identification with power to the Board of Directors to alter or vary the said terms and conditions of appointment and remuneration in such manner as the Board in their discretion deem fit and as acceptable to Smt Sangeeta Goenka."

"FURTHER RESOLVED THAT the Board of Directors are, hereby, authorized to enter into the said agreement



with such modifications or amendments as the Board may think fit but within the limits of Provisions of Schedule XIII of the Companies Act,1956."

9. To consider and , if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269,198 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves the appointment of Shri O. P. Goyal as Whole Time Director of the Company with effect from 1st November, 2002 for a period of three years on a remuneration and other terms and conditions as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as contained in the Draft letter of agreement placed before the meeting and initialled by the Chairman for identification with power to the Board of Directors to alter or vary the said terms and conditions of appointment and remuneration in such manner as the Board in their discretion deem fit and as acceptable to Shri O.P.Goyal."

"FURTHER RESOLVED THAT the Board of Directors are, hereby , authorized to enter into the said agreement with such modifications or amendments as the Board may think fit but within the limits of Provisions of Schedule XIII of the Companies Act,1956."

10. To consider and , if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269,198 and 309 and other applicable provisions, if any read with Schedule XIII of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Radheshyam Goenka , as a Managing Director of the Company with effect from 21st August, 2003 for a period of five years on a remuneration and other terms and conditions as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as contained in the Draft of the agreement placed before the meeting and initialled by the Chairman for identification with power to the Board of Directors to alter or vary the said terms and conditions of re-appointment and remuneration in such manner as the Board in their discretion deem fit and as acceptable to Shri Radheshyam Goenka ."

"FURTHER RESOLVED THAT the Board of Directors are, hereby , authorized to enter into the said agreement with such modifications or amendments as the Board may think fit but within the limits of Provisions of

Schedule XIII of the Companies Act,1956."

11. To consider and , if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269,198 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Ajay Goenka , as a Managing Director of the Company with effect from 21st August, 2003 for a period of five years on a remuneration and other terms and conditions as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as contained in the Draft of the agreement placed before the meeting and initialled by the Chairman for identification with power to the Board of Directors to alter or vary the said terms and conditions of re-appointment and remuneration in such manner as the Board in their discretion deem fit and as acceptable to Shri Ajay Goenka ."

"FURTHER RESOLVED THAT the Board of Directors are, hereby , authorized to enter into the said agreement with such modifications or amendments as the Board may think fit but within the limits of Provisions of Schedule XIII of the Companies Act,1956."

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE : AHMEDABAD

DATE : AUGUST 27, 2003

(RUNEL BALDWA)
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, 18th September, 2003 to Saturday, 27th September, 2003(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. The 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 Investors Education and Protection Fund as 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.

6. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
7. 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.
8. The Draft Agreements and the letters of appointment for the appointment of Executive Director, Whole Time Director and re-appointment of Managing Directors of the Company are open for inspection for the members of the Company between 3 P.M. to 5 P.M. on all working days upto the date of the Annual General Meeting.
9. In terms of Clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of the retiring Directors, who are proposed to be appointed/ reappointed at this meeting are given below:

Name	Date of Birth	Date of Appointment	Qualification	Experience	Name of Directorship in other Company
1. Sangeeta Goenka	06.04.1961	21.08.1993	B. A.	Industrialist having 5 Years experience	NIL
2. O.P.Goyal	09.03.1945	30.07.2002	B.Com , FCS	Service	NIL
3. C.M.Shah	01.04.1943	30.04.2002	M. Com	Worked for 28 Years in Government as well as Public Enterprises organisation	Sabarmati Paper Mills
4. Mitesh Shah	29.09.1959	03.03.2003	Architect , B.E. (Civil)	Professional	Kalptaru Papers Ltd Aamrapali Developers Limited
5. Mahendra Jindal	18.04.1961	03.03.2003	FCA, Grad CWA	Professional	Shanti Metals Pvt Ltd Raksha Marketing Pvt. Ltd

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE : AHMEDABAD
DATE : AUGUST 27, 2003

(RUNEL BALDWA)
COMPANY SECRETARY



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM : 5

Shri Mitesh Shah was appointed as an Additional Director by the Board of Directors on 3rd March, 2003 in accordance with the provisions of Section 260 of the Companies Act, 1956. He 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 a member of the Company proposing his candidature for the office of a Director.

Shri Mitesh Shah is an Architect and Engineer and has long standing business experience in 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 Mitesh Shah, is in any way concerned or interested in the resolution.

ITEM : 6

Shri Mahendra Jindal was appointed as an Additional Director by the Board of Directors on 3rd March, 2003 in accordance with the provisions of Section 260 of the Companies Act, 1956. He holds the 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 a member of the Company proposing his candidature for the office of a Director.

Shri Mahendra Jindal is a qualified Chartered Accountant and ICWA by profession and has substantial expertise in Accounts and Finance. Your Directors consider that his continuation on the Board will be extremely beneficial to the Company.

None of the Directors except Shri Mahendra Jindal is in any way concerned or interested in the resolution.

ITEM : 7

Shri C. M. Shah was appointed as an Additional Director by the Board of Directors on 25th April, 2003 in accordance with the provisions of Section 260 of the Companies Act, 1956. He 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 a member of the Company proposing his candidature for the office of a Director.

Shri C. M. Shah has experience of around 30 years of working in the Government organizations. He was a Nominee Director on the Board and since the Company has repaid the entire Term Loan to GIIC Limited, Gandhinagar the nomination for the said director has to be withdrawn. Your Directors consider that his continuation on the Board will be extremely beneficial to the Company.

None of the Directors except Shri C. M. Shah is in any way

concerned or interested in the resolution.

ITEM No. 8:

Smt. Sangeeta Goenka is on the Board of the company since 21st August, 1993. Since then, she is actively associated with the Company. The Remuneration Committee and your Board has appointed her as an Executive Director of the Company on a consolidated monthly remuneration of Rs. 30,000/- (Rupees Thirty Thousand Only) for a period of three years with effect from 15th November, 2002. She may be paid such other remuneration and perquisites as may be sanctioned by the Remuneration Committee and approved by the Board of Directors from time to time, pursuant to the provisions of Sections 269, 198 and 309 and other applicable provisions of Schedule XIII of the Companies Act, 1956. Your Directors consider that her appointment as an Executive Director of the Company is extremely beneficial to the Company. You are requested to accord your consent for the same.

None of the Directors except Shri Radheshyam Goenka, Shri Ajay Goenka and Smt. Sangeeta Goenka is in any way concerned or interested in the resolution.

ITEM No. 9:

Shri O.P.Goyal was appointed on the Board as an Additional Director of the company on 30.07.2002. The Remuneration Committee and your Board has elevated and appointed him to the position of Whole Time Director of the Company with effect from 1st November, 2002 for a period of three years on a monthly remuneration of Rs. 13,900/- (Rupees Thirteen Thousand Nine Hundred only) plus other perquisites such as Bonus, Gratuity, Leave, Travel Allowance, Leave Encashment and such other benefits as per company's rules. He may be paid such other remuneration and perquisites as may be sanctioned by the Remuneration Committee and approved by the Board of Directors from time to time pursuant to the provisions of Sections 269, 198, 309 and Schedule XIII of the Companies Act, 1956. Your Directors consider that his appointment as Whole Time Director of the Company is extremely beneficial to the Company. You are requested to accord your consent for the same.

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

ITEM NOS. 10 and 11 :

These items relates to the re- appointment of Shri Radheshyam Goenka and Shri Ajay Goenka as Managing Directors of the Company for a period of 5 years with effect from 21st August, 2003 to 20th August, 2008 respectively. The terms and conditions of their appointment has been sanctioned by the Remuneration Committee and duly approved by the Board of Directors in their meeting held on 31st July, 2003 pursuant to the provisions of section



269, 198 and 309 and is within the limits as laid down in Schedule XIII Part II, Section II(A) as amended by the Notification dated 16th January, 2002 .

The draft agreements between the company and Shri Radheshyam Goenka and Shri Ajay Goenka contain the following terms and conditions:

Period Of Re-appointment :

Shri Radheshyam Goenka : 5 years with effect from 21st August, 2003 to 20th August, 2008 as Managing Director

Shri Ajay Goenka : 5 years with effect from 21st August, 2003 to 20th August, 2008 as Managing Director

Remuneration:

(a) Salary :-

Rs.35, 000/- per month for the first year, Rs.40,000/- per month for the second year and Rs.45,000/- per month for the third year. For the fourth & fifth year the salary will be as decided from time to time by the Board of Directors in accordance with and within the limits laid down in Part II of Schedule XIII of the Act, as amended from time to time.

b) Perquisites :-

The Managing Director will be entitled to the following perquisites for an amount equivalent to his Annual Salary with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limits of remuneration prescribed under part II of Schedule XIII of the Companies Act, 1956, categorized as under:

Category – A

(a) **Accommodation** : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.

(b) **Facilities of gas, electricity, water and furnishings** : The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income-tax Act. This shall, however, be subject to a ceiling of 10 % of the salary of the Appointee.

(c) **Medical benefit** : All Medical expenses incurred in India or abroad by the Managing Directors for self and his family shall be reimbursed.

(d) **Leave Travel Concession** : For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.

(e) **Club Fees** : Annual fees of club subject to a maximum of one Club.

(f) **Insurance** : Personal Accident Insurance of an amount annual premium of which does not exceed Rs.6,000/-

Category - B

(a) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund** : These will not be included in the computation of the ceiling of the perquisites to the extent these either singly or put together are not taxable under Income-tax Act, 1961.

(b) **Gratuity** : Gratuity payable in accordance with the company's scheme thereof as applicable to other officers of the company subject to a maximum of half month's salary for each completed year of service.

Category - C

(c) **Free telephone facility at residence and a mobile phone** : Personal long distance calls on telephone will be billed by the company to the appointee.

(b) **Free use of Car with driver** : Free use of car with driver for Company's business as well as for personal use shall be provided.

Category D:

(a) The Managing Directors shall be entitled to such other benefits or amounts as may be approved by the Board and permissible under Schedule XIII of the Companies Act, 1956. In the event of loss or inadequacy of profits, the Managing Directors shall be entitled to the annual salary referred above and the amount equivalent thereof by way of perquisites, as minimum remuneration.

(b) Subject to the statutory ceiling/s as laid down in Part II, Section II of Schedule XIII, the Managing directors may be given any other allowances, perquisites, benefits and facilities as the board of Directors from time to time may decide.

Approval of the members is therefore sought to the re-appointment and payment of remuneration to Shri Radheshyam Goenka and Shri Ajay Goenka, the Managing Directors of the Company, as per the resolutions set out at items No. 9 and 10 of the Notice.

Shri Radheshyam Goenka and Shri Ajay Goenka, the Directors of the Company, are deemed as concerned and interested in the above resolution in so far as it relates to their re-appointment and remuneration payable to them and Smt. Sangeeta Goenka, the Director, being a relative of S/Shri Radheshyam Goenka and Ajay Goenka is interested in the resolutions pertaining to S/Shri Radheshyam Goenka and Ajay Goenka.

The text of the Resolutions and the Explanatory Statements for item Nos. 7,8,9, and 10 may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE : AHMEDABAD

DATE : AUGUST 27, 2003

(RUNEL BALDWA)

COMPANY SECRETARY



DIRECTORS' REPORT

To,
The Members,
RAINBOW PAPERS LIMITED.

Your Directors have great pleasure in submitting the Seventeenth Annual Report along with Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS :

	2002-2003	2001-2002
Profit before Interest Depreciation & Taxation	6,94,94,354	4,91,77,835
LESS : Interest	62,59,765	1,23,58,210
Depreciation	2,88,38,694	2,73,94,861
PROVISION FOR TAXATION		
(a) for Current Tax	26,00,000	7,50,000
(b) for Deferred Tax	91,11,832	30,73,009
NET PROFIT AFTER TAXATION	2,26,84,063	56,01,755
ADD/LESS: Provision not required, hence Written back (Net)	(1,05,895)	(37,204)
LESS: Provision for Diminution in value of Investments	33,700	1,18,335
ADD : Prior Period Adjustments (Net)	(60,531)	(1,47,855)
LESS : Sales Tax Demand of earlier years	—	15,74,528
BALANCE PROFIT FOR THE YEAR	2,24,83,937	37,23,833
ADD: Transferred from Investment Allowance Reserve (Utilized)	16,33,642	—
ADD : Balance brought forward	2,32,52,405	1,98,28,572
NET SURPLUS AVAILABLE FOR APPROPRIATION	4,73,69,804	2,35,52,405
APPROPRIATION :		
Proposed Dividend	27,34,625	—
Tax on Proposed Dividend	3,50,374	—
Transfer to General Reserve	22,34,648	3,00,000
Surplus carried forward to Balance Sheet	4,20,50,157	2,32,52,405

DIVIDEND :

Your Directors are pleased to recommend a Dividend @ 5% on the Equity Share of the Company for the year ended 31st March 2003. The Dividend if approved at the Annual General Meeting of the Company, will be paid to those shareholders whose name appears on the register of members as on 27th September, 2003.

REVIEW OF OPERATIONS :

Your Directors have great pleasure in presenting the financial performance of the company for the year under review. In spite of the general recession in the Paper Industry, the turnover of your company has increased substantially. The turnover of the Company during the year under review is Rs. 9020.99 Lacs compared to the turnover of Rs. 7666.61 Lacs in the previous year. The other incomes of the Company has also increased from Rs. 33.44 Lacs to Rs. 56.83 Lacs. After making a total provision for tax (for Current Tax and Deferred Tax) of Rs. 117.11 Lacs, interest of Rs. 62.59 Lacs, depreciation of Rs. 288.38 Lacs, the company has made a Net Profit of Rs. 226.84 Lacs as compared to Rs. 56.01 Lacs in the previous year. The products of your Company are gaining considerable market in foreign countries also. During the current Year your Company has made an Export Turnover of Rs. 80.05 lacs. which is likely to increase substantially in the next financial year.

During the quarter ended in the current financial year, the company has made a turnover of Rs. 2335.18 Lacs and a Net Profit of Rs. 135.22 Lacs. The profits would increase substantially on the commencement of the new projects.



REPAYMENT TO FINANCIAL INSTITUTIONS :-

Your company has repaid the entire Outstanding Term Loan to the tune of Rs.4,66,87,800/- taken from Gujarat Industrial Investment Corporation Ltd. Gandhinagar. The entire Term Loan of GIIC Ltd., was repaid before the due date alongwith interest.

FINANCE :

The Company has started banking operations with Indian Overseas Bank and Corporation Bank in the Current Year. Your Company has also been sanctioned a Term Loan amounting to Rs. 2320 Lacs and Working Capital Limits of Rs. 1300 Lacs jointly from the said bankers. The Term Loan has been obtained for the Expansion cum up-gradation and for setting up Captive Power Plant.

EXPANSION-CUM-UPGRADATION PROJECT:

The expansion project includes installation of one additional Paper Machine having capacity of 100 Tonnes per day and De-inking plant. The Company is also installing Captive Power Plant for 5 M.W.

PUBLIC DEPOSITS :

During the year under review, 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 :

Your Company is acquiring new machinery and equipments for modernization and up-gradation project which have been insured from time to time adequately. All the existing properties including Plant & Machinery, Building, Stocks etc.. of the Company are also adequately insured with M/s. United India Insurance Company Limited

DIRECTORS :

The appointment of Shri Radheshyam Goenka and Shri Ajay Goenka as Managing Directors of the Company expired on 20th August, 2003. They are re-appointed for a further period of 5 years with effect from 21st August, 2003 by the remuneration committee and the Board of Directors on the terms and conditions as are approved by the Board and as specified in the Explanatory Statement and Draft Agreements. Your Board recommends your approval for their re-appointment as such at the ensuing Annual General Meeting.

Smt. Sangeeta Goenka is on the Board of the Company since 21st August, 1993. The Remuneration Committee and the Board of Directors in their Meetings held on 15th November, 2002 have appointed her as an Executive Director of the Company for a period of 3 years. Your Board recommends her appointment for approval as such at the ensuing Annual General Meeting.

Shri O. P. Goyal, was appointed as the Director of the company on 30th July, 2002. The Remuneration Committee and the Board of Directors in their Meetings held on 31st October, 2002 have elevated him as Whole Time Director of the Company for a period of 3 years. Your Board recommends his appointment for approval as such at the ensuing Annual General Meeting.

Shri Mitesh Shah and Shri Mahendra Jindal, were appointed as additional directors of the Company on 3rd March, 2003 and Shri C.M.Shah on 25th April, 2003 and they hold office up to the date of this Annual General Meeting. All the three appointees are expert in their respective fields and their continuation on the Board will be extremely beneficial to the company, your board, hence recommends their appointment at the ensuing Annual General Meeting.

Smt. Sangeeta Goenka retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment

Shri Kamlesh J.Shah and Shri Hemant C.Mehta have tendered their resignation from the Board of the Company with effect from 31st October, 2002 and 3rd March, 2003, respectively. Your Directors place on record appreciation for the valuable services rendered to the company during their tenure as director of the Company.

DIRECTOR'S 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.