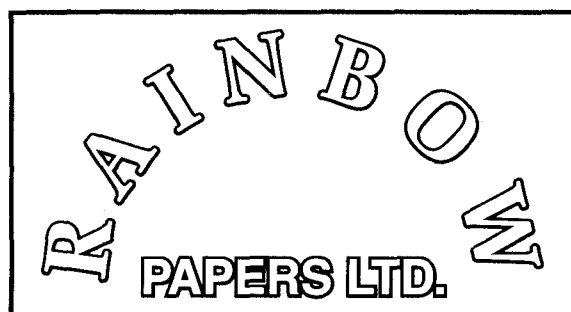
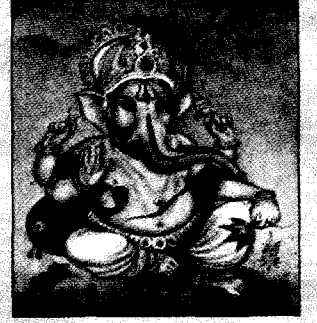


# 18th ANNUAL REPORT 2003-2004



# सदैव प्रसन्न रहना ईश्वर की सर्वोपरि भक्ति है ।



ॐ श्री गणेशाय नमः

## जीवनोपयोगी तीन-तीन बातें

तीन व्यक्तियों का सदा वंदन करें  
तीन व्यक्तियों का सदा सम्मान करें  
तीन व्यक्तियों की सदा मदद करें  
तीन व्यक्तियों पर सदा दया करें  
तीन व्यक्तियों से कभी न झगड़ें  
तीन व्यक्तियों को कभी नाराज न करें  
तीन व्यक्तियों को कभी कम न समझें  
तीन वस्तु कभी इंतजार नहीं करती  
तीन वस्तुओं का प्रदर्शन न करें  
तीन वस्तुएँ खोनी नहीं चाहिए  
तीन कार्य यथाशक्ति करना चाहिए  
तीन कार्यों से बचना चाहिए  
तीन भावनाओं का दमन करें  
तीन इंद्रियों को वश में रखें  
तीन वस्तुएँ सदा बढ़ाएँ  
तीन वस्तुएँ सदा घटाएँ  
तीन गुण सदा ग्रहण करें  
तीन दुर्गुण दूर भगा दें  
तीन चीजें कभी नहीं भूलनी चाहिए  
तीन बातों से यश बढ़ता है  
तीन बातों से संबन्ध बढ़ता है

- माता, पिता व गुरु
- सज्जन, संत व ज्ञानी
- दीन, हीन व लाचार
- बालक, वृद्ध व पागल
- मूर्ख, शराबी व पहलवान
- रसोईया, चिकित्सक व शासक
- शत्रु, रोग व प्रतिद्वंद्वी
- मृत्यु, वक्त व ग्राहक
- अंग, धन व भोजन
- आशा, उत्साह व विश्वास
- परिश्रम, परोपकार व सत्संग
- स्वप्रशंसा, परनिंदा व कुसंग
- काम, क्रोध व स्वार्थ
- मन, बुद्धि व जुबान
- चरित्र, गौरव व ज्ञान
- लोभ, मोह व अभिमान
- सत्य, अहिंसा व ईमान
- ईर्ष्या, धृणा व अपमान
- कर्जा, कर्तव्य व अहसान
- सेवा, सहायता व दान
- मित्रता, प्रेम व सम्मान

**BOARD OF DIRECTORS**

SHRI RADHESHYAM GOENKA : CHAIRMAN & MANAGING DIRECTOR  
 SHRI AJAY GOENKA : MANAGING DIRECTOR  
 SMT. 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,  
 LAW GARDEN,  
 AHMEDABAD- 380 006

**BANKERS**

INDIAN OVERSEAS BANK, CORPORATION BANK,  
 KALUPUR CIRCLE, INDUSTRIAL FINANCE BRANCH,  
 KALUPUR, RANGOLI COMPLEX,  
 AHMEDABAD OPP. V. S. HOSPITAL, AHMEDABAD

**REGISTERED OFFICE**

801, AVDHESH HOUSE,  
 OPP. SHRI GOVIND GURUDWARA,  
 SARKHEJ-GANDHINAGAR HIGHWAY,  
 THALTEJ, AHMEDABAD-380 054

**WORKS**

**Paper Division :**  
 1453, VILLAGE RAJPUR, DIST. MEHSANA

**Coating Division :**  
 1423, VILLAGE RAJPUR, DIST. MEHSANA

**Wind Power Division :**  
 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 **EIGHTEENTH** Annual General Meeting of the Members of M/s.RAINBOW PAPERS LIMITED will be held on WEDNESDAY, the 29th Day of SEPTEMBER, 2004 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, 2004 and Profit and Loss Account for the year ended on that date together with Directors' and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2004 on the Equity Shares of the Company.
3. To appoint a Director in place of Shri Radheshyam Goenka who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Ajay Goenka who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri O. P. Goyal who retires by rotation and being eligible, offers himself for reappointment.
6. 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 of the Companies Act, 1956, M/s.Pravin M. Shah & Co., Chartered Accountants be and are hereby appointed as 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 to be decided mutually between the Board of Directors and Auditors plus reimbursement of out of pocket expenses as incurred."

### SPECIAL BUSINESS :

7. 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 29th day of September, 1994 and in pursuance of the provisions of the 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.120,00,00,000/- [Rupees One Hundred and Twenty Crores Only.], [exclusive of interest], 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 if 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.

8. To consider and if through 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 29th September, 1994 and in pursuance of the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages and/or charges on all or any of the immovable and movable properties, both present and future of the





Company, wherever situate and/or the whole or substantially the whole of the undertaking of the Company in favour of any Financial Institutions, Banks or any other party for securing any loans or facilities, granted or to be granted by or any obligations incurred or to be incurred towards such Financial Institutions, Banks or any other party as the case may be, together with the interest thereon at agreed rates, compound interest, additional interest, liquidated damages, commitment charges, costs, expenses and all other moneys payable in connection therewith and further that the Board of Directors be and is hereby authorized to do all such acts, deeds and things including execution of any documents as may be necessary of expedient for giving effect to this resolution.

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE: AHMEDABAD  
DATE : AUGUST 24, 2004

(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. Members / proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. The Explanatory Statement in respect of Item Nos. 7 & 8 pursuant to Section 173 [2] of the Companies Act, 1956 are annexed herewith.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 22nd day of September, 2004 to Wednesday the 29th day of September, 2004. (both days inclusive).
5. Members holding shares in physical form are requested to notify the change in addresses, their Pin code numbers, E-mail addresses and telephone numbers, if any to the company ; at its Registered office or to M/s.Pinnacle Share Registry Pvt. Ltd - Registrar & Share Transfer Agent by quoting their folio numbers. Members holding shares in electronic mode may update such details with their respective Depository Participants. [DP]
6. 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, 1996 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.
7. Pursuant to the provisions of Section 205 A of the Companies Act 1956, as amended, dividends for the financial year ended 31st March, 1997 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund (IEPF) of the Central Government. Members who have not encashed the dividend warrant(s), so far for the financial year ended 31st March 1997 and thereafter are requested to make their claim to the Share Department at the Registered Office of the Company before 31st October, 2004 failing which the unpaid / unclaimed amount will be transferred to IEPF. It may also be noted that once the unpaid / unclaimed dividend is transferred to IEPF, as above, no claims shall lie in respect of such amount by the member.



8. The dividend as recommended by the Board, if sanctioned at the 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:
- [a] as Beneficial owners as at the end of business on 21st September, 2004 as per the lists to be furnished by M/s. Pinnacle Share Registry Pvt. Ltd in respect of the shares held in electronic form, and
- [b] 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 21st September, 2004.
9. 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 Agent M/s.Pinnacle Share Registry Pvt. Ltd or to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.
10. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
11. 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.
12. 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 is as under :

	Name	Date of Birth	Date of Appointment	Experience	Name of Directorship in other Company
1.	Radheshyam Goenka	20-04-1929	14-04-1990	Industrialist	NIL
2.	Ajay Goenka	23-02-1958	11-09-1990	Industrialist	1. M/s.Drupa Suppliers P.Ltd. 2. M/s.Karnavati Papers P.Ltd.
3.	O. P. Goyal	09.03.1945	30.07.2002	Professional	NIL

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE: AHMEDABAD  
DATE : AUGUST 24, 2004

(RUNEL BALDWA)  
COMPANY SECRETARY



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO. 7 :**

Under 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 in the ordinary course of business, 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 Annual General Meeting of the Company held on 29th day of September, 1994, the company had accorded its consent under Section 293 (1)(d) of the Companies Act, 1956, to the Board of Directors for borrowing money up to a limit of Rs. 50 Crores [excluding temporary loans obtained from the Company's bankers in the ordinary course of business]. Taking into account the future requirements of additional finance that may be required for any expansion programmes 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 from Rs. 50 Crores to Rs.120 Crores.

Hence the Board of Directors recommend this resolution for your consent. None of the Directors of the Company is in any way concerned or interested in this resolution.

**ITEM NO. 8:**

Under Section 293(1)(a) of the Companies Act, 1956 the Board of Directors of a Public Company cannot, without the consent of Shareholders in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. The Company for the purpose of its business, has obtained or obtain Loans and/or other facilities from Banks, Financial Institutions and other parties or persons which may have to be secured by mortgages and/or charges on the movable and/or immovable properties of the Company. It is therefore considered necessary that the Board of Directors may be empowered for the creation of said Mortgages and/or charges.

Hence the Board of Directors recommend this resolution for your consent.

None of the Directors of the Company is in any way concerned or interested in this resolution.

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE: AHMEDABAD  
DATE : AUGUST 24, 2004

(RUNEL BALDWA)  
COMPANY SECRETARY





## DIRECTORS' REPORT

To,  
The Members,  
RAINBOW PAPERS LIMITED.

Your Directors have great pleasure in submitting the Eighteenth Annual Report along with Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March, 2004.

### FINANCIAL RESULTS :

	<u>2003-2004</u>	<u>2002-2003</u>
Profit for the year before Interest, Depreciation & Taxation	9,53,72,490	6,94,94,354
LESS : Interest	76,60,127	62,59,765
Depreciation	5,05,47,816	2,88,38,694
<b>PROVISION FOR TAXATION</b>		
(a) for Current Tax	29,00,000	26,00,000
(b) for Deferred Tax	1,16,87,646	91,11,832
<b>NET PROFIT AFTER TAXATION</b>	<b>2,25,76,901</b>	<b>2,26,84,063</b>
ADD/LESS: Provision not required, hence Written back (Net)	(93,741)	(1,05,895)
LESS : Provision for Diminution in value of Investments	—	33,700
ADD : Prior Period Adjustments (Net)	(11,089)	(60,531)
ADD : Excess Depreciation Written Back	9,20,315	—
<b>BALANCE PROFIT FOR THE YEAR</b>	<b>2,33,92,386</b>	<b>2,24,83,937</b>
ADD : Transferred from Investment Allowance Reserve (Utilized)	—	16,33,642
ADD : Balance brought forward	4,20,50,157	2,32,52,405
<b>NET SURPLUS AVAILABLE FOR APPROPRIATION</b>	<b>6,54,42,543</b>	<b>4,73,69,804</b>
<b>APPROPRIATION :</b>		
Proposed Dividend @ 5%	27,34,625	27,34,625
Tax on Proposed Dividend	3,57,381	3,50,374
Transfer to General Reserve	50,00,000	22,34,648
Surplus carried forward to Balance Sheet	5,73,50,537	4,20,50,157

### DIVIDEND :

Your Directors are pleased to recommend a Dividend @ 5 % on the Paid-up Equity Share Capital of the Company for the year ended 31st March 2004. 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 the date of book closure.

### REVIEW OF OPERATIONS :

Your Directors have great pleasure in presenting the financial performance of the company for the year under review. The Company has achieved a Turn Over of Rs. 9730.70 Lacs compared to the turnover of Rs.9276.00 Lacs in the previous year. The other incomes earned by the Company is Rs.40.37 Lacs as against Rs. 56.83 Lacs of previous year. After making a total provision for tax (for Current Tax and Deferred Tax) of Rs. 145.95 Lacs, interest of Rs. 76.60 Lacs, depreciation of Rs. 505.50 Lacs, the company has made a Net Profit of Rs. 225.74 Lacs. The products of your Company are gaining considerable market in foreign countries also. During the current year the Exports have increased to Rs. 125.18 Lacs as against Rs.85.85 Lacs in the previous year and the same is likely to increase substantially in the next financial year.



## DEPRECIATION ON WIND POWER DIVISION:

During the year ended on 31st March, 2004, for more appropriate preparation and presentation of the financial statements, the Company has changed the method of providing depreciation from Straight Line Method to Written Down Value Method on its Wind Power Division. The Company has recalculated depreciation retrospectively from the date of installation of Wind Mills and charged to Profit & Loss Account. Due to the aforesaid change, the amount of depreciation for the current year is higher by 174.12 lacs and consequently the profit is lower by the said amount.

## AVAILMENT OF LOANS :-

Your company has been sanctioned an additional Term Loan exclusively from Indian Overseas Bank, Kalupur Branch, Ahmedabad amounting to Rs. 600 Lacs making a total sanction of Rs. 1875.00 Lacs from the said Bank (including Rs. 1275.00 Lacs of previous year) and Rs. 1045.00 Lacs from Corporation Bank, Industrial Finance Branch, Ahmedabad. Out of the said sanction, the company has availed Term Loan of Rs.1465.00 Lacs from Indian Overseas Bank and Rs.1035 Lacs from Corporation Bank during the year under review. The said loans have been converted by your company partly in foreign currency and has been utilized for funding the expansion undertaken by the Company.

## EXPANSION OF PAPER DIVISION :-

Your Company had undertaken the expansion of its paper division during the year under review. Amongst them, the major ones were installation of an additional Paper machine of Japanese Technology. This paper machine has enabled the company to enhance its production capacity from 40,000 M.T. p.a. to 72,000 M.T. p.a. and has also contributed in improving the quality of its products. Besides, various new varieties of products have also been introduced in the existing range of products.

Your company has also installed 2 Nos of De-inking lines of 60 TPD and 40 TPD. The same has helped in reduction of cost and will enable to achieve better quality of production.

## CO-GENERATION CAPTIVE POWER PLANT:-

Your company has set up its own Co-generation Captive Power Plant of 5 M.W. to meet the requirements of power which is one of the major input in the production process. The Power Plant has enabled the Company to provide constant and regular supply of power and also held in reducing the cost of power.

## PUBLIC DEPOSITS :

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

## INSURANCE :

Your Company has taken adequate insurance of all the existing properties of the Company including Plant & Machinery, Building, Stocks etc.. of the Company with M/s. United India Insurance Company Limited

## 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 except as regards depreciation on Wind Power division, as referred above, 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) that the Directors to the best of their knowledge and ability have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) that the Annual Accounts have been prepared on a "going concern basis".