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26th Annual Report
1999-2000

For: Vapi Paper Mills Ltd.

Company Secretary.

VAPI PAPER MILLS LIMITED

**YEAR AT GLANCE**

(Rs. In lacs)

Description	1999-00	1998-99	1997-98	1996-97	1995-96
SALES & EARNINGS:					
Sales & Other Income	1958.51	2338.71	2458.77	2661.78	3330.20
Gross Profit before depreciation	(36.56)	(2.17)	46.21	87.34	293.89
Profit before tax	(96.51)	(61.25)	(11.32)	43.87	244.06
Net Profit after tax	(96.51)	(61.25)	(11.32)	38.21	241.54
Dividend (%)	NIL	10%	10%	25%	38%
ASSETS & LIABILITIES :					
Fixed Assets (Net)	705.26	706.73	702.40	632.60	741.67
Total Assets (Net)	1278.09	1351.02	1459.63	1341.14	1411.64
REPRESENTED BY:					
i) Share Capital	228.15	228.15	228.15	208.15	208.15
ii) Reserves & Surplus	883.73	1034.34	1121.19	1049.95	1111.82
iii) Net Worth (i) + (ii)	1111.88	1262.49	1349.34	1258.10	1319.97
iv) Borrowings	166.21	88.55	110.29	83.04	91.67
v) Total Funds (iii) + (iv)	1278.09	1351.04	1459.63	1341.14	1411.64
RATIO :					
Net Earning per share (Rs.)	-	-	-	1.84	11.60
Cash Earning per share (Rs.)	-	-	2.03	3.92	14.00
Net worth per share (Rs.)	48.73	55.34	59.14	60.44	63.41
Current Ratio	2.84	2.18	2.16	2.25	2.25

**NOTICE**

Notice is hereby given that the TWENTY -SIXTH ANNUAL GENERAL MEETING of the Shareholders of VAPI PAPER MILLS LIMITED will be held at the Registered Office of Company at 213, Udyog Mandir No. 1, 2nd Floor, 7/C, Pitamber Lane, Mahim (West), Mumbai - 400 016 on Monday, the 11th September, 2000 at 3.00 P.M. to transact the following business.

AS ORDINARY BUSINESS :-

- 1) To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2000.
2. To appoint a Director in place of Shri. S. K. Patel, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. D. B. Patel, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :-

5. To consider and, if thought fit to pass the following resolution which will be proposed as an Ordinary Resolution :-

"RESOLVED THAT pursuant to Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such permissions and approvals, as may be required, consent be and is hereby accorded to the Board of Directors of the Company to dispose off "VIPTX" i.e. Yarn Division of the Company situated at 95, Danudyog Sahakari Sangh Ltd., Silvassa, 396230, Dadra & Nagar Haveli, U. T. and / or to restructure the same through any means as the Board may consider appropriate whether it be through a scheme of hive off, spin off or joint venture or transfer to a subsidiary or otherwise, and / or to transfer / sell asset-wise and / or otherwise dispose off the said Unit together with the auxiliaries and utilities, in whole or in part to one or more persons or entities at such price and on such terms and conditions and in such manner as may be decided by the Board of Directors or a Committee of Directors and / or Officers of the Company as may be appointed by the Board for the purpose, including the receipt of the consideration therefore in cash or in kind or partly in cash and partly by shares and / or debentures or any other Securities or in any other manner and with power to the Board of Directors or to the said Committee to finalise the means, methods or modes in respect thereof, and to finalise and execute all required documents including schemes of arrangement, agreements, deeds of assignment / conveyance and other documents and to do all such other acts, deeds, matters and things as may be deemed necessary and expedient in their discretion including the power to delegate for completion of the transaction incidental to the above."

By order of the Board

Mumbai
Dated : 7th August, 2000

Prakash Kotak
Financial Controller -Cum -
Company Secretary

Vapi Paper Mills Limited



NOTES :-

- 1) A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and, on a Poll, vote instead of himself and a proxy need not be a Member of the Company; Proxies in order to be effective must be received by the Company not less than Forty Eight hours before the commencement of the meeting.
- 2) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to item 5 of the Notice as set out above, is annexed hereto.
- 3) The Register of Members & Share Transfer Books of the Company shall remain closed from Monday, the 18th August, 2000 to Monday, the 11th September, 2000 (both days inclusive).
- 4) Members are requested to notify immediately any change in their address to the Company.
- 5) The time limit for transfer from unpaid dividend to the Central Government has been enhanced from three years to seven years, effective October, 31, 1998 as per Section 205C inserted by Clause 12 of the Companies (amendment) Act, 1999.
- 6) Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.

ANNEXURE TO NOTICE

Explanatory statement under Section 173 of the Companies Act, 1956.

ITEM NO. 5

The manufacturing operations of Company's Yarn Division i.e. VIPTEx situated at Silvassa have been suspended due to unfavorable market conditions and the said unit have become commercially unviable under present scenario.

The Company, with a view to curtailing losses desires to examine and pursue different proposals detailed in the resolution.

Since the same would amount to the disposal of the undertaking of the Company, in terms of Section 293(1)(a) of the Companies Act, 1956, your approval is being sought to the Board for disposal of "VIPTEx" (Yarn Division) whenever any proposal in that behalf fructifies enabling the Board of Directors to conclude in a manner as it may deem fit in the best interests of the Company.

Accordingly, the resolution is commended for your acceptance.

None of the Directors of the Company is interest in this resolution.

By order of the Board

Mumbai

Dated : 7th August, 2000

Prakash Kotak
Financial Controller -Cum -
Company Secretary

Vapi Paper Mills Limited

VPM**DIRECTORS**

Shri Popatlal T. Shah	Chairman
Shri Manoj R. Patel	Managing Director
Shri Anilbhai R. Patel	Director
Shri Surendrabhai K. Patel	Director
Shri Shantilal L. Patel	Director
Shri Dhirubhai B. Patel	Director

BANKERS

State Bank Of India

AUDITORS

Messrs. Manubhai G. Patel & Co.
Chartered Accountants
Ahmedabad.

REGISTERED OFFICE

213, Udyog Mandir No.1, 2nd Floor,
7/C, Pitamber Lane,
Mahim (West),
Mumbai : 400 016

PLANT**PAPER DIVISION :**

298-301, GIDC Industrial Area
Vapi 396 195
Dist: Valsad (Gujarat)

YARN DIVISION

95, Danudyog Sahakari Sangh Ltd.,
Silvassa 396 230,
Dadra and Nagar Haveli (U. T.)

VPM

26th Annual Report 1999-2000

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Vapi Paper Mills Limited

**DIRECTORS' REPORT**

To,
The Members of
VAPI PAPER MILLS LIMITED,

Your directors have pleasure in presenting the Twenty-Sixth Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS :**(Rupees in Lacs)**

	1999-00	1998-99
Sales and Other Income	1958.51	2338.71
Gross Profit / (Loss)	(36.56)	(2.17)
Less: Depreciation	59.95	59.08
Profit / (Loss) before Tax	(96.51)	(61.25)
Less: Provision for Taxation	----	----
Net Profit / (Loss) After Tax	(96.51)	(61.25)
Add : Balance of Profit brought forward.	0.40	0.26
Less: Extra Ordinary Items	(54.07)	0.30
Surplus available for Appropriations:	(150.18)	(61.29)
a) Proposed Dividend'	----	22.81
b) Tax on Dividend	---	2.50
c) Transfer from General Reserve	----	(87.00)
Surplus / (Deficit) carried to Balance Sheet	(150.18)	0.40

2. DIVIDENDS :

In view of substantial loss incurred by the company during the year under consideration and also to conserve resources for long term projects, your Directors do not recommend any Dividend for the year under consideration. However, your Directors are hopeful to bring the company on Dividend track record at an earliest.

3. REVIEW OF OPERATIONS :**Paper Division**

The production of Kraft Paper & Board for the year under review was 14252 MT as against 14134 MT during the previous year. The selling price and operating margins were under pressure throughout the year due to sluggish market conditions and intense competition. The company have registered a sales turnover of Rs. 1483.15 lacs for the year under consideration as against Rs. 1466.04 lacs for the Previous Year.

Yarn Division

The operations at 'VIPTEx' (Yarn Division) was affected throughout the year due to various reasons like heavy rain fall and flood at Silvassa Plant sluggish market conditions, volatility in prices of raw materials (POY/PFY) etc. The Plant was given on 'Job Work' basis during last few months to cut further losses in volatile market conditions. The manufacturing operations of 'VIPTEx' at Silvassa Plant have been discontinued since beginning of current Financial Year 2000-01 and it is intended to hive off Silvassa plant at appropriate time.

4. FIXED DEPOSITS :

At the end of the financial year, there was no overdue Deposits except for 1 (one) unclaimed deposit amounting to Rs. 7.64 lacs.

5. DISCLOSURE OF PARTICULARS :

Information required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed hereto and forms a part of this report.

6. PARTICULARS OF EMPLOYEES :

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 as amended is not attached as the company did not have any such employee employed during the year under review.

7. Y2K COMPLIANCE :

The Company has successfully managed Y2K transition without any disruption.

8. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, Shri. D. B. Patel and Shri. S. K. Patel retire by rotation at the ensuing Annual General Meeting and being eligible other themselves for reappointment.

9. AUDITORS :

The Company's Auditors, M/S. MANUBHAI G. PATEL & CO., Chartered Accountants, retire and are eligible for reappointment.

The Auditors in para 2(e) in their report and in annexure to the said report have made certain comments which are self explanatory and in the opinion of the Directors do not call for any further explanation.

FOR AND ON BEHALF OF THE BOARD

MUMBAI

Date : 1st July, 2000

P. T. SHAH

Chairman

ANNEXURE I TO DIRECTORS' REPORT 1999-00

Additional information in terms of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 dealing with conservation of Energy and Technology Absorption and Foreign Exchange earnings and outgo

(A) CONSERVATION OF ENERGY :

	Current Year ended 31 st March, 2000	Previous Year ended 31 st March, 1999
1. POWER AND CONSUMPTION		
a) Electricity		
1) Purchased units (KWH in thousands)	8812.37	9106.55
Total amount (Rs. in Lacs)	374.74	352.91
Rate / Unit (Rs.)	4.25	3.88
2) Own Generation :		
Through Diesel Generation	Nil	Nil
Through Steam Turbine / Generator	Nil	Nil
b) Coal		
The Company uses 'B' and 'C' Grade coal in its Boilers at Vapi Plant.		
Quantity (M.T.)	5648.96	4378.00
Total Cost (Rs. in Lacs)	117.32	83.57
Average rate (Rs.)	2066.00	1908.00
c) Furnace Oil		
Quantity (Ltrs. In thousands)	116.39	705.60
Total amount (Rs. in Lacs)	12.63	43.09
Average rate (Rs. per Ltr.)	10.88	6.11
d) Other / Internal Generation	Nil	Nil

2. CONSUMPTION PER UNIT OF PRODUCTION :

Product	Current Year ended 31 st March, 2000			Previous Year ended 31 st March, 1999		
	Electricity (KWH)	Coal (Kgs)	Furnance Oil (Ltr.)	Electricity (KWH)	Coal (Kgs)	Furnance Oil (Ltr.)
1 Paper, Paper Board And Paper Pulp (per tonne)	508	396	8.16	539	309	49.92
2. Texturised / Twisting Yarn (per kg.)	1.19	Nil	Nil	1.48	Nil	Nil