



27th Annual Report 2000-2001

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VAPI PAPER MILLS LIMITED



YEARS AT A GLANCE

(Rs. in lacs)

Description	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
SALES & EARNINGS :						
Sales & Other Income	1808.13	1958.51	2338.71	2458.77	2661.78	3330.20
Gross Profit before depreciation	(28.78)	(36.56)	(2.17)	46.21	87.34	293.89
Profit before tax	(82.66)	(96.51)	(61.25)	(11.32)	43.87	244.06
Net Profit after tax	(82.66)	(96.51)	(61.25)	(11.32)	38.21	241.54
Dividend (%)	NIL	NIL	10%	10%	25%	38%
ASSETS & LIABILITIES :						
Fixed Assets (Net)	678.34	705.25	706.73	702.40	632.60	741.67
Total Assets (Net)	1280.22	1278.09	1351.02	1459.63	1341.14	1411.64
REPRESENTED BY :						
i) Share Capital	228.15	228.15	228.15	228.15	208.15	208.15
ii) Reserves & Surplus	799.50	883.73	1034.34	1121.19	1049.95	1111.82
iii) Net Worth (i) + (ii)	1027.65	1111.88	1262.47	1349.34	1258.10	1319.97
iv) Borrowings	252.57	166.21	88.55	110.29	83.04	91.67
v) Total Funds (iii) + (iv)	1280.22	1278.09	1351.02	1459.63	1341.14	1411.64
RATIO :						
Net Earnings per share (Rs.)	—	—	—	—	1.84	11.60
Cash Earnings per share (Rs.)	—	—	—	2.03	3.92	14.00
Net worth per share (Rs.)	45.04	48.83	55.34	59.14	60.44	63.41
Current Ratio	2.20	2.94	2.18	2.16	2.25	2.25

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)

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Vapi Paper Mills Limited

**NOTICE**

Notice is hereby given that the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Shareholders of VAPI PAPER MILLS LIMITED will be held at the Registered Office of the Company at 213, Udyog Mandir No. 1, 2nd Floor, 7/C, Pitamber Lane, Mahim (West), Mumbai - 400 016 on Friday, the 28th September, 2001 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, 2001.
2. To appoint a Director in place of Shri. S. L. Patel, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. P. T. Shah, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By order of the Board

Mumbai.

Dated : 16th August, 2001

Prakash Kotak
Financial Controller-cum-
Company Secretary

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. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 27th August, 2001 to Monday, the 10th September, 2001 (both days inclusive).

3. Members are requested to notify immediately any change in their address to the Company.
4. Members holding shares in Physical Form, who are individuals, holding shares on their own behalf, singly or jointly can make Nomination. Nomination Form is available on request. Members holding shares in Dematerialised Form may please contact their Depository Participants for recording Nomination.
5. The Company has entered into agreements with NSDL and CDSL and script of the Company has been activated under demat. Company has been allotted ISIN No. INE464D01014. Members are requested to approach their DPs for dematerialisation of equity shares of the Company to facilitate faster transfer and avoid rejections for bad deliveries.
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.

By order of the Board

Prakash Kotak

Mumbai.

Financial Controller-cum-
Company Secretary

Dated : 16th August, 2001

DIRECTORS' REPORT

To,
The Members of,
VAPI PAPER MILLS LIMITED.

Your Directors have pleasure in presenting the Twenty-Seventh Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March, 2001.

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

	<u>2000-2001</u>	<u>1999-2000</u>
Sales and Other Income	1808.13	1958.51
Gross Profit / (Loss)	(28.78)	(36.56)
Less : Depreciation	53.88	59.95
Profit / (Loss) before Tax	(82.66)	(96.51)
Less : Provision for Taxation	—	—
Net Profit / (Loss) After Tax	(82.66)	(96.51)
Add : Balance of Profit brought forward	(150.18)	0.40
Less : Extra Ordinary Items	(1.58)	(54.07)
Surplus available for Appropriations :	(234.42)	(150.18)
a) Proposed Dividend	—	—
b) Tax on Dividend	—	—
c) Transfer to General Reserve	—	—
Surplus / (Deficit) carried to Balance Sheet	(234.42)	(150.18)

2. DIVIDENDS

In view of loss for the period under review, your Directors regret their inability to recommend any dividend.

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

The production of Kraft Paper & Board for the year under review was 14856 MT as against 14252 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. 1771.75 lacs for the year under consideration as against Rs. 1483.15 lacs for the Previous Year.

Yarn Division

The Manufacturing operations of VIPTEX (Yarn Division) were almost suspended throughout the year as indicated in the previous year's Annual Report. The Plant and Machineries were disposed during the year under consideration. However Land and Factory Building could not be disposed due to adverse market conditions of Industry and Silvassa, in particular.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Sub-Section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- i. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a 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;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.

5. 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.

6. DISCLOSURE OF PARTICULARS :

Informations 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.

7. PARTICULARS OF EMPLOYEES :

Informations 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.

8. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, Shri P.T. Shah and Shri S.L. Patel retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

9. AUDITORS :

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

The Auditors in para 2(f) 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.
Dated : 2nd July, 2001

P. T. SHAH
Chairman

ANNEXURE I TO DIRECTORS' REPORT 2000-2001

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 31st March, 2001	Previous Year ended 31st March, 2000
1. POWER AND CONSUMPTION :		
a) Electricity		
1) Purchased units (KWH in thousands)	7088.40	8812.37
Total amount (Rs. in lacs)	341.14	374.74
Rate/Unit (Rs.)	4.86	4.25
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.)	6427.38	5648.96
Total Cost (Rs. in lacs)	146.33	117.32
Average rate (Rs.)	2276.00	2066.00
c) Furnace Oil		
Quantity (Ltrs. in thousands)	NIL	116.39
Total amount (Rs. in lacs)	NIL	12.63
Average Rate (Rs. per Ltr.)	NIL	10.88
d) Other/Internal Generation	NIL	NIL

2. CONSUMPTION PER UNIT OF PRODUCTION :

Product	Current Year ended 31st March, 2001			Previous Year ended 31st March, 2000		
	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr.)	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr.)
1. Paper, Paper Board and Paper Pulp (per tonne)	477	433	NIL	508	396	8.16
2. Texturised/Twisting Yarn (per kg.)	NIL	NIL	NIL	1.19	NIL	NIL

**B) TECHNOLOGY ABSORPTION :**

Efforts made in Technology Absorption as per Form-B :

1. RESEARCH AND DEVELOPMENT (R&D) :

As already mentioned in the Previous Reports while there is no separate R & D Department, work in this area is being continuously done through joint endeavors of the Technical and Production Staff at the Plant. As a result, the quality has further improved, absorbing the vagaries of the quality of process material with the result that the rejection levels have come down.

Expenditure on R & D :	Rs.
i) Capital	NIL
ii) Recurring	NIL
iii) Total	NIL
iv) Total R & D expenditure as percentage of total turnover	NIL

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Some innovative measures were taken during the year under consideration resulting in improved productivity thereby reducing the cost per tonne of production. Throughout the Company, there is a disciplined production efficiency programme. This is being monitored seriously and continuously. The Company did not import any technology since its inception.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange used and earned (Rs. in lacs)

Used : Rs. 400.93 Lacs

Earned : Rs. NIL Lacs

For and on behalf of the Board

Mumbai.
Dated : 2nd July, 2001

P. T. SHAH
Chairman