



VAPI BOARDS

Multilayer - Multipurpose - Multi Value

CoreBoards
Cone Board
Fiber Drum Board
Carton Board
Kraft Liner
Corrugation Board
File Board

QUALITY POLICY

At Vapi Paper Mills Ltd., customer satisfaction is always the guiding principle. We also believe in product innovation, client customization and high productivity to enhance value.

We achieve this by supplying paper and paper board meeting expectations with regards to product specification and timeliness of delivery.

To ensure this we implement and continually improve the quality management system throughout organisation and by successful coordinated interaction between management, employees, supply chain and customer base.

VAPI PAPER MILLS LIMITED**DIRECTORS**

Shri Popatlal T. Shah — Chairman
Shri Manoj R. Patel — Managing Director
Shri Shantilal L. Patel — Director

COMPANY SECRETARY

Shri Prakash V. Kotak

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)

CONTENTS

Notice.....	1
Directors' Report.....	3
Auditors' Report.....	8
Balance Sheet.....	12
Profit & Loss Account.....	13
Schedules Forming Part of Accounts.....	14
Cash Flow Statement.....	29

VAPI PAPER MILLS LIMITED**NOTICE**

Notice is hereby given that the TWENTY-EIGHTH 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 Monday, the 23rd September, 2002 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, 2002.
2. 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.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded, in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and / or charging by way of first charge by the Board of Directors of the Company, of all the immovable properties of the Company, present and future, in favour of State Bank of India to secure, on first charged basis, the due repayment of working capital limits, not exceeding Rs. 500 Lacs (Rupees Five hundred lacs only), lent and advanced / agreed to be lent and advanced by the said bank i.e. viz State Bank of India, together with interest thereon under the Deed of Hypothecation and other relevant documents entered in to / to be entered in to by the Company, in respect of the said working capital limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise with State Bank of India, the documents for creating the aforesaid mortgage / charge and to do all such acts and things as may be necessary to give effect to the above resolution".

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 9th September, 2002 to Monday, the 23rd September, 2002 (both days inclusive).
3. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business set out under item 4 is annexed hereto.
4. Members are requested to notify immediately any change in their address to the Company.
5. As already mentioned in the last Annual report, the Company has entered into agreements with NSDL and CDSL and script of the Company has been activated under demat. The 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.

INFORMATIONS REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the listing agreement, the particulars of Director who is proposed to be re-appointed are given below:

1. Name : Mr. Popatlal T Shah
- Age : 71 Years
- Qualification : B. Com.
- Expertise : Experience of 50 years in Paper and Paper Packaging Industry.
Director of the Company since 30th June, 1986

Other Directorship :

Name of the Company

1. Nice Pack Industries Private Limited
2. Tex-Tube Manufacturing Company Private Limited
3. Industrial Paper Convertors Private Limited
4. Poly-Cone Paper Limited
5. Tubular Packaging Private Limited

By Order of the Board

PLACE : Mumbai

DATED : 16th August, 2002

Prakash Kotak
Financial Controller-cum
Company Secretary

ANNEXURE TO THE NOTICE**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956****ITEM NO. 4**

At the request of the Company, the State Bank of India, Commercial Branch, Dadar, Mumbai - 400 014, has sanctioned various working capital limits consisting of Cash Credit, Letter of Credit and Bank Guarantee. While these limits are secured by way of hypothecation of stock of stores, raw materials including goods-in-transit, stock in trade, stock-in-process and book debts of the Company, the said bank have stipulated that these limits are also to be secured by a first charge on all the immovable properties of the Company, present and future.

Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors of a public company shall not, without the consent of such public company in General Meeting, sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgaging / charging by the Company of its immovable properties as aforesaid in favour of the Bank may be regarded as disposal of the Company's properties, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, before creation of the said first mortgage/charge.

A copy of the sanction letter from the said Bank and other relevant documents are available for inspection of Members on any working day at the Registered Office of the Company during business hours prior to the date of the meeting.

None of the Directors of the Company is concerned or interested in the said Resolution.

By Order of the Board

PLACE : Mumbai

DATED : 16th August, 2002

Prakash Kotak
Financial Controller-cum
Company Secretary

VAPI PAPER MILLS LIMITED**DIRECTORS' REPORT**

To,
The Members of
VAPI PAPER MILLS LIMITED,

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS :

	(Rs. in thousands)	
	2001-2002	2000-2001
Sales and Other Income	2017.34	1805.00
Gross Profit / (Loss)	(49.30)	(28.78)
Less : Depreciation	47.54	53.88
Profit / (Loss) before Tax	1.76	(82.66)
Less : Provision for Taxation	----	----
Net Profit / (Loss) After Tax	1.76	(82.66)
Add : Balance of Profit brought forward.	(234.42)	(150.18)
Less : Extra Ordinary Items	(18.71)	(1.58)
Surplus available for Appropriations :	(252.60)	(234.42)
a) Proposed Dividend	----	----
b) Tax on Dividend	----	----
c) Transfer from General Reserve	----	----
Surplus / (Deficit) carried to Balance Sheet	(252.60)	(234.42)

2. DIVIDEND:

Your Directors do not recommend any Dividend on Equity Shares for the year ended 31st March, 2002.

3. OPERATIONS:

During the year ended review, the Production was 17,192 MT, as against 14,856 MT and Sales stand at Rs. 22.31 Crores as compared to Rs 17.72 Crores in the previous year. With allround improvement in the Production and Sales, the Company could register better performance by recording a Net Profit of Rs. 1.76 Lac as against Net Loss 82.66 Lacs in the previous year.

OUTLOOK FOR THE INDUSTRY:

The Indian Paper Industry which was reeling under liberal imports, price cuts, rising import cuts etc. during the last three years seems to be on a come back trail. The company's thrust during the current year shall be cost effectiveness, product improvement and introduction of value added new products to meet the ever changing needs of the customers.

EXPANSION – CUM – MODERNISATION PROGRAMME :

The company has completed a substantial part of expansion-cum-modernization of its Paper Plant and the balance portion is expected to be completed during current Financial Year 2002- 03

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. DIRECTORS:

Shri Anil R Patel, Shri Surendra K Patel and Shri Dhirubhai B Patel resigned from the Directorship of the Company with effect from 10/01/2002, 26/03/2002 and 22/04/2002 respectively. The Board of Directors places on record its warm appreciation of excellent contribution made by each of them in giving valuable advice and guidance during their tenure as Director of the company.

Pursuant to provisions of Articles of Association of the Company, Shri Popatlal T Shah, Director will retire by rotation at the forthcoming Annual General Meeting and is eligible for re-election.

6. 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 judgments 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 year;
- 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.

7. INSURANCE:

The Insurable interest in all the properties of the company including Building, Plant and Machineries, Stocks have been adequately insured.

8. 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.

9. 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.

VAPI PAPER MILLS LIMITED**10. CORPORATE GOVERNANCE:**

The provisions of clause 49 of Listing Agreement with Mumbai Stock Exchange relating to Corporate Governance shall be applicable to your company with effect from current Financial Year ending 31st March 2003. Your Company has taken adequate steps to place a system of Corporate Governance.

11. AUDITORS :

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

12. PERSONNEL:

The Industrial relations continued to be cordial at all levels throughout the year. Your Directors wish to place on record their appreciation of the dedicated services rendered by all executives, staff members and workmen of the company.

13. ACKNOWLEDGEMENT:

Your Directors wish to thank all the Shareholders, Government Authorities, Suppliers, Dealers and Customers for their continued assistance, support and direction to the company during the year under review. Your Directors express special thanks to its Banker i.e. State Bank of India for their Support and Co-ordination in the form of excellent services rendered by them.

ADDENDUM**Auditors' report**

In respect of Auditors' Comments reported in Clauses 4(iv)(i) and 4(vi)(ii), the matters have been explained in the notes on accounts and is self explanatory. In respect of Auditors' Comments reported in clause 4(vi)(i), your Directors are confident of realising the said loans advanced to M/s Amrut Industries Ltd through litigation on company and its Directors. The manufacturing activities of Viptex Division is closed since last two years and hence, no provision for Depreciation on Fixed Assets have been made as reported by Auditors under clause 4(iv)(ii).

For and on behalf of the Board

PLACE : Mumbai
DATED : 30th June, 2002

P.T. Shah
Chairman

ANNEXURE TO DIRECTORS' REPORT

Additional informations 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, Technology Absorption and Foreign Exchange earnings and outgo:

A) CONSERVATION OF ENERGY :

	Current Year ended 31 st March, 2002	Previous Year ended 31 st March, 2001
1. POWER AND CONSUMPTION		
a) Electricity		
1) Purchased units (KWH in thousands)	8670.43	7088.40
Total amount (Rs. in Lacs)	465.24	341.14
Rate / Unit (Rs.)	5.36	4.86
2) Own Generation :		
Through Diesel Generation	Nil	Nil
Through Steam Turbine / Generator	Nil	Nil
b) Coal ('B' Grade)		
Quantity (M.T.)	6780.80	6427.38
Total Cost (Rs. in Lacs)	167.68	146.33
Average rate (Rs.)	2472.00	2276.00
c) Furnace Oil		
Quantity (Ltrs.)	Nil	Nil
Total amount (Rs.)	Nil	Nil
Average rate (Rs.)	Nil	Nil
d) Other / Internal Generation	Nil	Nil

2. CONSUMPTION PER UNIT OF PRODUCTION :

	Current Year ended 31 st March, 2002			Previous Year ended 31 st March, 2001		
	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr.)	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr.)
Paper, Paper Board And Paper Pulp (per tonne)	504	394	Nil	477	433	Nil

VAPI PAPER MILLS LIMITED**VDM****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.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange used and earned	(Rs. in Lacs)
Foreign Exchange used	620.40
Foreign Exchange used earning	NIL

For and on behalf of the Board

PLACE : Mumbai
DATED : 30th June, 2002

P.T. Shah
Chairman