

VAPI PAPER MILLS LIMITED



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For: Vapi Paper Mills Ltd.


Company Secretary.

29th ANNUAL REPORT 2002-2003



VAPI BOARDS

Multilayer - Multipurpose - Multi. Value

CoreBoards

Cone Board

Fiber Drum Board

Carton Board

Test 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)

**REGISTRAR &
TRANSFER AGENT**

R & D CONSULTANTS LTD.
610, Dalamal Tower,
Nariman Point, Mumbai - 21



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VAPI PAPER MILLS LIMITED**NOTICE**

NOTICE is hereby given that the TWENTY-NINTH 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 Tuesday, the 30th September, 2003 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, 2003.
2. To appoint a Director in place of Shri. Shantilal. L. Patel, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting 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 pursuant to the provisions of Section 198, 269, 309, 311, 316 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to limits laid down under aforesaid Sections/Schedules XIII, the consent of the members be and is hereby given for re-appointment of Shri Manoj R. Patel as Managing Director of the company for a further period of 5 years with effect from 14th August, 2003 upon the terms and conditions and payment of remuneration as set out in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT Shri Manoj R. Patel, Managing Director be in charge of general management of the company within the provisions of Articles of Association but subject to superintendence, control and direction of the Board of Directors."

"RESOLVED FURTHER THAT Shri Manoj R. Patel, will be a non-rotational Director and shall not be liable to retire by rotation during his term as a Managing Director."

"RESOLVED FURTHER THAT Managing Director shall be entitled to reimbursement of all expenses incurred for the purpose of business of the company and shall not be entitled to any sitting fees for attending meeting of the Board of Directors and Committee(s) thereof."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary such terms of re-appointment and remuneration so as not to exceed the limits specified in Schedule XIII and other applicable Sections of the Companies Act, 1956 or any statutory modifications thereof as may be agreed to by the Board of Directors and Shri Manoj R. Patel."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors."

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 29th September, 2003 to Tuesday, the 30th September, 2003 (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. Members desirous of seeking any information about the Accounts of the Company are requested to address their queries in writing, to the Company at least Seven days in advance of the meeting so that the requested information can be made readily available at the time of the meeting.
6. The Company has been allotted ISIN No. INE464D01014. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.

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

Mr. Manoj R. Patel was appointed as Managing Director of the Company with effect from 14th August, 1998 for a period of 5 years and his term of office expired on 13th August, 2003. Having regard to his wide knowledge, experience and services rendered to the Company, the Board of Directors at its meeting held on 14th August, 2003 reappointed Mr. Manoj R. Patel as Managing Director of the Company for a further period of 5 years with effect from 14th August, 2003. The abstract of terms and conditions of the reappointment of Mr. Manoj R. Patel as Managing Director with memorandum of interest is set out below:

PERIOD : Mr. Manoj R. Patel shall be the Managing Director of the Company for a period of 5 years from 14th August, 2003.

DUTIES : As Managing Director, Mr. Manoj R. Patel shall perform such duties and exercise such powers as may from time to time be entrusted to or conferred upon him by the Board, subject to the superintendence, control and direction of the Board.

REMUNERATION :

Period	- 14.08.2003 to 13.08.2008
Salary Scale	- Rs. 25000 /- per month. The annual increment shall be decided by the Board of Directors of the Company.
Commission	- As decided by the Board of Directors every year subject to availability of profit.
Other allowances	- Upto 50% of prevailing salary.
PF/Gratuity/Superannuation	- As per rules of the Company.
LTA	- As per rules of the Company subject to a maximum of one months's salary.
Medical for self & family	- At actuals
Car	- 1 Car with Driver.
Telephone at residence	- Two nos. including one cellular.
Leave	- As per rules of the Company.

In the event of loss or inadequacy of profits during the currency of tenure of the Managing Director, he shall be entitled to receive a total monthly remuneration including allowances, perquisites etc. not exceeding Rs.25000/- or such other limit as may be prescribed by the Central Government from time to time as minimum remuneration.

The re-appointment and the remuneration payable to Mr. Manoj R. Patel requires the approval of members of the Company in the General meeting. The above re-appointment of Mr. Manoj R. Patel on terms proposed also satisfy the conditions laid down in Schedule XIII of the Act and steps are being taken for necessary compliance under the Act. The Resolution set out under Item 4 of the convening notice has to be considered accordingly and the Board recommends the same.

Apart from Mr. Manoj R. Patel who is concerned or interested in the resolution concerning his re-appointment and remuneration, no other director of the Company is concerned or interested in the resolution. This may also be regarded as an abstract of the terms of re-appointment of Mr. Manoj R. Patel as Managing Director of the Company and Memorandum of Interest under Section 302 of the Act.

By Order of the Board

PLACE : Mumbai
DATED : 29th August, 2003

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-Ninth Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS :

	(Rs. in thousands) (Lacs)	
	2002-2003	2001-2002
Sales and Other Income	1770.83	2017.34
Gross Profit / (Loss)	16.63	49.30
Less : Depreciation	56.23	47.54
Profit / (Loss) before Tax	(39.60)	1.76
Less : Provision for Taxation	---	---
Net Profit / (Loss) After Tax	(39.60)	1.76
Add : Balance of Profit brought forward.	(252.60)	(234.42)
Less : Extra Ordinary Items	57.67	(19.94)
Surplus available for Appropriations :	(234.53)	(252.60)
a) Proposed Dividend	---	---
b) Tax on Dividend	---	---
c) Transfer from General Reserve	---	---
Surplus / (Deficit) carried to Balance Sheet	(234.53)	(252.60)

2. DIVIDEND:

Your Directors do not recommend any Dividend on Equity Shares for the year ended 31st March, 2003.

3. OPERATIONS:

During the year, Company has achieved a Production of 14,682 MT against Production of 17,192 MT in previous year. The turnover during the year was Rs. 19.14 Crores against Rs.22.31 Crores in the previous year.

4. MODERNISATION PROGRAMME :

The Company has completed modernisation programme of its Paper Plant during the year under review. Accordingly, the company has diversified its Product Range in respect of Machine No.2 to Multi Layer "Test Liner" which are value added products used in High Strength Industrial Packaging. This specialization will further consolidate the market position of the Company and also these products will have better value addition and margins resulting into improvement in overall profitability of the Company.

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. DIRECTORS:

The term of the office of Mr. Manoj R. Patel as 'Managing Director' of the Company expired on 13th August 2003. At the meeting of the Board of Director held on 14th August, 2003, he has been re-appointed as 'Managing Director' for five years w.e.f. 14th August 2003 subject to approval by members at the ensuing Annual General Meeting.

Pursuant to provisions of Articles of Association of the Company, Shri Shantilal L. Patel, Director will retire by rotation at ensuing Annual General Meeting and is eligible for re-election.

7. 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.

8. INSURANCE:

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

9. 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.

10. PARTICULARS OF EMPLOYEES:

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with The 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**11. CORPORATE GOVERNANCE:**

The provisions of clause 49 of Listing Agreement with Mumbai Stock Exchange relating to Corporate Governance are not yet applicable to your company as paid-up capital of the company is below prescribed limit.

12. AUDITORS :

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

13. 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.

14. ACKNOWLEDGEMENT:

Your Directors wish to thank all the Shareholders, Government Authorities, Bankers, Suppliers, Dealers and Customers for their continued assistance, support and direction to the company during the year under review.

ADDENDUM**Auditors' Report**

In respect of Auditors' comments reported in clause 4 (vi) (b), the matter have been explained in the Notes on Account (Note No. 11 of Schedule 14) and the same is self explanatory. In respect of Auditors' comments reported in clause 4 (vi) (a), your Directors are confident of realising the said loans advanced to various parties through litigation on company and / or its Directors / partners / proprietor.

For and on behalf of the Board

PLACE : Mumbai
DATED : 29th August, 2003

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, 2003	Previous Year ended 31 st March, 2002
1. POWER AND CONSUMPTION		
a) Electricity		
1) Purchased units (KWH in thousands)	7428.30	8670.43
Total amount (Rs. in Lacs)	390.48	465.24
Rate / Unit (Rs.)	5.26	5.36
2) Own Generation :		
Through Diesel Generation	Nil	Nil
Through Steam Turbine / Generator	Nil	Nil
b) Coal ('B' Grade)		
Quantity (M.T.)	6325.15	6780.80
Total Cost (Rs. in Lacs)	158.13	167.68
Average rate (Rs.)	2500.00	2472.00
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, 2003			Previous Year ended 31 st March, 2002		
	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr.)	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr.)
Paper, Paper Board And Paper Pulp (per tonne)	512	438	Nil	504	394	Nil