

VAPI PAPER MILLS LIMITED



30th Annual Report
2003-2004



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 Manoj R. Patel - Managing Director
Shri Rajeev R. Patel - Wholetime Director
Smt. Laxmiben J. 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 298-301, GIDC Industrial Area
Vapi 396 195
Dist: Valsad (Gujarat)

**REGISTRARS AND
TRANSFER AGENTS** M/s. BIG SHARE SERVICES PVT. LTD.
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Andheri (E),
Mumbai - 400 072.



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VAPI PAPER MILLS LIMITED**NOTICE**

NOTICE is hereby given that the **30th 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 Wednesday, the 29th September, 2004 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, 2004.
2. 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.

AS SPECIAL BUSINESS

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

"RESOLVED THAT Shri Rajeev R. Patel be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation and in respect of which the company has received a notice in writing proposing his candidature for the office of Director under the provisions of section 257 of the companies Act, 1956."

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

"RESOLVED THAT Smt. Laxmiben J. Patel be and is hereby appointed as a Director of the company in the vacancy created by the death of Shri Shantilal L. Patel in respect of which vacancy the company has received a notice in writing proposing her candidature for the office of Director under the provisions of section 257 of the Companies Act, 1956."

5. 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 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 appointment of Shri Rajeev R. Patel as Wholtime Director of the company for a further period of 5 years with effect from 1st April, 2004 upon the terms and conditions and payment of remuneration as set out in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT term of office of Shri Rajeev R. Patel, will be rotational and shall be liable to retire by rotation during his term as a Wholtime Director."

"RESOLVED FURTHER THAT Wholtime 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 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 Rajeev R. Patel."

"RESOLVED FURTHER THAT the Board of Directors 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."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**

"RESOLVED FURTHER THAT pursuant to the provisions of sub-section (1) of section 163 of the Companies Act, 1956, the consent of the Company is hereby accorded to the Board of Directors for keeping the Registers and Index of Members and copies of Annual Returns prepared under section 159 and 160 of the said Act. together with the copies of certificates and documents, required to be annexed thereto, at the office of the Company's Registrars and Share Transfer Agents, M/s Bigshare Services Pvt. Ltd. at, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 from 1/2/2004 instead of being kept at the Registered office of the Company, "

By Order of the Board

PLACE : Mumbai
DATED : 13th August, 2004

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 20th September, 2004 to Wednesday, the 29th September, 2004 (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 3 to 6 is annexed hereto.
4. Members are requested to notify immediately any change in their address to the Company or its Registrars and Transfer Agents of the Company M/s Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 quoting their Folio Number/s.
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.

VAPI PAPER MILLS LIMITED**ANNEXURE TO THE NOTICE****Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956**

The following Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 setting out material facts concerning the Special Business mentioned in the accompanying Notice dated 13th August, 2004

ITEM NO. 3 OF THE NOTICE :

Shri Rajeev R. Patel was appointed as an "Additional Director" of the Company by Board of Directors w.e.f. 3rd November, 2003 In accordance with the provisions of Section 260 of the Companies Act, 1956 (" the act") read with Article 138 of the Articles of Association of the Company. He will hold office till the date of the forthcoming Annual General Meeting of the Company.

The Company has received separate notice in writing under Section 257 of the Act with required deposit from a Member of the Company signifying his intention to propose at the forthcoming Annual General Meeting , the appointment of Shri Rajeev R. Patel as Director of the Company.

Shri Rajeev R. Patel is willing to act as a Director of the Company, if appointed and he has filed with the Company his consent pursuant to Section 264 (1) of the Act.

The Board of Directors of the Company , considers that the appointment of Shri. Rajeev R. Patel as Director of the Company would prove beneficial to the Company and accordingly, recommend the Resolution set out in Item No. 3 of the Notice convening the Meeting.

Shri Rajeev R. Patel and Mr. Manoj R. Patel , brother of Mr. Rajeev R. Patel , may be deemed to be concerned or interested in the said Resolution

ITEM NO. 4 OF THE NOTICE :

In the casual vacancy caused on the Board by the death of Shri Shantilal L. Patel, a Director liable to retire by rotation, the Board of Directors appointed Smt. Laxmiben J. Patel as Director w.e.f. 25th May, 2004 pursuant to provisions of Articles of Association of the company. In accordance with provisions of section 262 of Companies Act, 1956, Smt. Laxmiben J. Patel holds office only up to the date up to which Late Shri Shantilal L. Patel in whose place she was appointed would have held office namely, up to the date of the Annual General Meeting. A notice has been received from a member as required by section 257 of the Companies Act, 1956, proposing Smt. Laxmiben J. Patel as a candidate for the office of Director.

The Board of Directors is of the opinion that she will be suitable replacement and it will be desirable that she be appointed as a Director in the interests of the Company. Except Smt. Laxmiben J. Patel, none of the other Directors are interested or concerned in the resolution.

ITEM NO. 5 OF THE NOTICE :

The Board of Directors in its meeting held on 1st April, 2004 have appointed Shri Rajeev R. Patel as wholetime Director of the Company for five years w.e.f. 1st April, 2004. In terms of Schedule XIII to the Companies Act, 1956, Shri Rajeev R. Patel is eligible for appointment as wholetime Director.

PERIOD : Mr. Rajeev R. Patel shall be the Wholetime Director of the Company for a period of 5 years from 1st April, 2004.

DUTIES : AS Wholetime Director, Mr. Rajeev 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	- 01.04.2004 to 31.03.2009
Salary Scale	- Rs. 15000 /- 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.
Other allowances	- Upto 50% of prevailing salary.
PF/Gratuity/Superannuation	- As per rules of the Company. Personal Accident Insurance.
LTA	- As per rules of the Company subject to a maximum of one month'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 Wholetime Director, he shall be entitled to receive a total monthly remuneration including allowances, perquisites etc. not exceeding Rs.15000/- or such other limit as may be prescribed by the Central Government from time to time as minimum remuneration.

The appointment and the remuneration payable to Mr. Rajeev R. Patel requires the approval of members of the Company in the General meeting. The above appointment of Mr. Rajeev 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 5 of the convening notice has to be considered accordingly and the Board recommends the same.

Apart from Mr. Rajeev R. Patel who is concerned or interested in the resolution concerning his appointment and remuneration and Shri Manoj R. Patel, Managing Director and brother of Shri Rajeev R. Patel, none of the Director is concerned or interested in the resolution. This may also be regarded as an abstract of the terms of appointment of Mr. Rajeev R. Patel as Wholetime Director of the Company and Memorandum of Interest under Section 302 of the Act.

ITEM NO. 6 OF THE NOTICE :

As per Section 163 of the Companies Act, 1956, the Register of Members, Index of Members and copies of all Annual Returns under Section 159 and 160 together with copies of certificates and documents required to be annexed thereto under sections 160 and 161 of the Companies Act, 1956 are required to be kept at the Registered Office of the Company.

As per the SEBI circular, the Company has appointed M/s. Big Share Services Pvt. Ltd. as its Registrars and Share Transfer Agents for both Physical and electronic shares w.e.f.1st February, 2004 and therefore, the Register of Members required to be maintained at the Registered Office of the Company are to be transferred to Registrars office.

In order to keep the aforesaid registers at Registrar's Office, a Special Resolution is proposed to be passed.

A copy of the Resolution has been given to The Registrar of Companies, Maharashtra, Mumbai. None of the Directors of the Company are concerned or interested in the said resolution.

By Order of the Board

Prakash Kotak

Financial Controller-cum
Company Secretary

PLACE : Mumbai

DATED : 13th August, 2004

VAPI PAPER MILLS LIMITED**DIRECTORS' REPORT**

To,
The Members of
VAPI PAPER MILLS LIMITED,

Your Directors have pleasure in presenting the 30th Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	2003-2004	2002-2003
Net Sales and Other Income	2247.48	1770.83
Gross Profit / (Loss)	(50.17)	16.63
Less : Depreciation	48.64	56.23
Profit / (Loss) before Tax	(98.81)	(39.60)
Less : Provision for Taxation	---	---
Net Profit / (Loss) After Tax	(98.81)	(39.60)
Less : Extra Ordinary Items	182.80	57.67
Net Profit/(Loss) After Tax and Extra Ordinary Items	83.99	18.07
Add : Balance of Profit/(Loss) brought forward	(234.53)	(252.60)
Surplus available for Appropriations :	(150.54)	(234.53)
a) Proposed Dividend	---	---
b) Tax on Dividend	---	---
Surplus / (Deficit) carried to Balance Sheet	(150.54)	(234.53)

2. DIVIDEND:

Your Directors do not recommend any Dividend on Equity Shares for the year ended 31st March, 2004.

3. OPERATIONS:

During the year, Company has achieved a Production of 18,604 MT against Production of 14,682 MT in previous year. The Gross turnover during the year was Rs. 25.76 Crores against Rs.19.14 Crores in the previous year.

In spite of record production and highest turnover achieved during the year under review, the Company have incurred heavy losses due to various factors like high cost of energy, shortages and price volatility of waste paper, loss on sale of Investments (UTI) etc. The Company hopes to achieve better profitability in the current year due to successful implementation of Captive Generation Sets which will result into substantial savings in energy cost.

4. FIXED DEPOSITS:

At the end of the financial year, there was no overdue Deposits.

5. DIRECTORS:

Your Directors report with deep regret the sad demise of Shri Shantilal L. Patel, Director on 25th April, 2004 due to sudden heart attack. Shri Popatlal T. Shah resigned from Directorship of the Company with effect from 3rd November, 2003 due to old age and retirement from active business life. The Board of Directors place on record its warm appreciation of contribution made by them during their tenure as Directors of the Company.

Shri Rajeev R. Patel and Smt. Laxmiben J. Patel have been appointed as New Directors to fill vacancy caused due to resignation of Shri Popatlal T. Shah and demise of Shri Shantilal L. Patel respectively.

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:

Informations 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.

10. CORPORATE GOVERNANCE:

The provisions of clause 49 of Listing Agreement with Mumbai Stock Exchange relating to