

Vapi Paper Mills Limited

VPM

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31st ANNUAL REPORT 2004-2005



VAPI BOARDS

Multilayer - Multipurpose - Multi Value

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

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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 31st 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 30th September, 2005 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, 2005.
2. To appoint a Director in place of Shri Rajeev R. Patel who retire 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.

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By Order of the Board

PLACE : Mumbai

DATED : 1st August, 2005

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 Company not less than 48 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 19th September, 2005 to Friday, the 23rd September, 2005 (both days inclusive).
3. 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.
4. 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.
5. The Company has been allotted ISIN No. INE464D01014. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.

31ST ANNUAL REPORT 2004-2005**DIRECTORS' REPORT**

To,
The Members of
VAPI PAPER MILLS LIMITED,

Your Directors have pleasure in presenting the 31st Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	2004-2005	2003-2004
Net Sales and Other Income	2052.62	2247.48
Gross Profit / (Loss)	(30.71)	(50.17)
Less: Depreciation	50.99	48.64
Profit / (Loss) before Tax	(81.70)	(98.81)
Less: Provision for Taxation	---	---
Net Profit / (Loss) After Tax	(81.70)	(98.81)
Less: Extra Ordinary Items	(1.35)	182.80
Net Profit/(Loss)After Tax & Extra Ordinary Items	(83.05)	83.99
Add : Balance of Profit/(Loss) brought forward	(150.54)	(234.53)
Surplus available for Appropriations:	(233.59)	(150.54)
a) Proposed Dividend	---	---
b) Tax on Dividend	---	---
Surplus / (Deficit) carried to Balance Sheet	(233.59)	(150.54)

2. DIVIDEND:

Your Directors do not recommend any Dividend on Equity Shares for the year ended 31st March, 2005.

3. OPERATIONS:

During the year, Company has achieved a Production of 16,447 MT against Production of 18,604 MT in previous year. The Gross turnover during the year was Rs. 22.86 Crores against Rs.25.76 Crores in the previous year.

The Company have once again incurred heavy losses due to factors like shortage and price volatility of waste paper, insufficient working capital finance resulting into decrease in productivity etc.. The Company hopes to achieve better profitability in the current year.

4. FIXED DEPOSITS:

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

VAPI PAPER MILLS LIMITED**5. DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956, Shri Rajeev R. Patel retire by rotation at the ensuring Annual General Meeting and being eligible, offer himself for re- appointment.

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 Corporate Governance are not yet applicable to your company as Paid-up share capital of the company is below prescribed limit.

**11. AUDITORS :**

M/S. MANUBHAI G. PATEL & CO., the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from them certifying that their appointment, if made, would be within the limits specified under Section 224(1-B) of the Companies Act, 1956.

12. PERSONNEL:

The Industrial Relations remained cordial at all levels during the year under review and the company has successfully completed all pending settlements with the workers union in the current financial year.

13. ACKNOWLEDGMENT:

Your Directors sincerely record their appreciation with gratitude for the continued support and assistance extended to the Company by the Banks and various Government Departments and Agencies.

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. 10 of Schedule 14) and the same is self explanatory. In respect of Auditors' comments reported in clause 4 (vi) (a), your Directors are still confident of realising the said loans advanced to various parties through litigation on company and / or its Directors / Partners / Proprietor.

In respect of Auditors' comments reported in clause (ix) (a) of Annexure to Auditors' Report, your Directors wish to state that irregularity was committed due to shortage of working capital finance faced by the company.

The Sales Tax authorities have given permission to deposit the arrears amounting to Rs. 41.36 Lacs in installments

For and on behalf of the Board

PLACE : Mumbai
DATED : 16th July, 2005

Manoj R. Patel
Managing Director

Rajeev R. Patel
Director

VAPI PAPER MILLS LIMITED



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, 2005	Previous Year ended 31 st March, 2004
1. POWER AND CONSUMPTION		
a) Electricity		
1) Purchased units (KWH in thousands)	3898.77	8466.94
Total amount (Rs. in Lacs)	222.30	438.93
Rate / Unit (Rs.)	5.67	5.18
2) Own Generation :		
Through Diesel Generation (KWH in thousands)	3915.84	Nil
Total amount (Rs. in Lacs)	150.97	Nil
Rate / Unit (Rs.)	3.86	Nil
Through Steam Turbine/Generator	Nil	Nil
b) Coal & Lignite ('B' Grade)		
Quantity (M.T.)	6257.35	6977.54
Total Cost (Rs. in Lacs)	154.15	176.33
Average rate (Rs.)	2463.65	2527.00
c) Furnace Oil		
Quantity (Ltrs.)	1095851	Nil
Total amount (Rs.)	125.14	Nil
Average rate (Rs.)	11.42	Nil
d) Other / Internal Generation	Nil	Nil

2. CONSUMPTION PER UNIT OF PRODUCTION :

	Current Year ended 31 st March, 2005			Previous Year ended 31 st March, 2004		
	Electricity (KWH)	Coal & Lignite (Kgs)	Furnace Oil (Ltr.)	Electricity (KWH)	Coal & Lignite (Kgs)	Furnace Oil (Ltr.)
Paper, Paper Board And Paper Pulp (per tonne)	237	385	66	455	375	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	R₹.
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	323.47
Foreign Exchange earned	NIL

For and on behalf of the Board

PLACE : Mumbai
DATED : 16th July, 2005

Manoj R. Patel
Managing Director

Rajeev R. Patel
Director