


34th ANNUAL REPORT

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2007-2008

VAPI PAPER MILLS LIMITED

NOTICE

NOTICE is hereby given that the 34th 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 29th September, 2008 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, 2008.
2. To appoint a Director in place of Smt. Laxmiben J. Patel who retire from office by rotation , and being eligible , offers herself 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.

AS 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 application 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, 2008 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 the Shri Manoj R. Patel, Managing Director , 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 the Shri Manoj R. Patel, 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 authorized 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 authorized 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 an Committee of Directors."

By order of the Board

Manoj R. Patel
Managing Director

Place : Mumbai

Dated : 3rd September, 2008**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 22nd September, 2008 to Monday , the 29th September, 2008 (both days inclusive) for the purpose of Annual General Meeting.
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 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.
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, 2003 for a period of 5 years and his term of office expired on 13th August, 2008. Having regard to his wide knowledge, experience and services rendered to the Company, the Board of Directors at its meeting held on 18th August, 2008 reappointed Mr. Manoj R. Patel as Managing Director of the Company for a further period of 5 years with effect from 14th August, 2008. The abstract of terms and conditions of the re-appointment 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, 2008.

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	- 14.08.2008 to 13.08.2013
Salary Scale	- Rs. 20,0000 /- 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 Personal Accident Insurance	- 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.20000/- 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.

Mr. Manoj R. Patel who is concerned or interested in the resolution concerning his re-appointment and remuneration, Mr. Rajeev R. Patel and Smt. Laxmiben J. Patel relatives of Mr. Manoj R. Patel are 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



Manoj R. Patel
Managing Director

PLACE: Mumbai
DATED: 3rd September, 2008

DIRECTORS' REPORT

To,
The Members of
VAPI PAPER MILLS LIMITED,

Your Directors have pleasure in presenting the 34th Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2007-08 =====	2006-07 =====
Net Sales and Other Income	1427.46	1492.13
Gross Profit / (Loss)	(301.79)	(65.39)
Less: Depreciation	74.37	70.73
Profit / (Loss) before Tax	(227.42)	(5.34)
Add : Provision for Fringe Benefit Tax	1.05	1.12
Net Profit / (Loss) After Tax	(228.47)*	(6.46)
Add: Extra Ordinary Items	63.55	73.36
Net Profit / (Loss) After Tax & Extra Ordinary Items	(292.02)	(79.82)
Add : Balance of Profit/(Loss) brought forward	(204.40)	(124.58)
Surplus available for Appropriations:	(496.42)	(204.40)
a) Proposed Dividend	-	-
b) Tax on Dividend	-	-
Surplus / (Deficit) carried to Balance Sheet	(496.42) =====	(204.40) =====

2. DIVIDEND:

The Directors do not recommend any Dividend on Equity Shares for the year ended 31st March, 2008.

3. OPERATIONS:

During the year, Company has achieved a Production of 9,534 MT against Production of 11,080 MT in previous year. The Gross-turnover during the year was Rs.15.72 Crores against Rs.16.57 Crores in the previous year.

4. FIXED DEPOSITS:

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

5. DIRECTORS:

The term of the office of Mr. Manoj R. Patel as 'Managing Director' of the Company expired on 13th August 2008. At the meeting of the Board of Director held on 18th August, 2008, he has been re-appointed as 'Managing Director' for five years w.e.f. 14th August, 2008 subject to approval by membes at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, Smt. Laxmiben J. Patel retires by rotation at the ensuing Annual General Meeting and being eligible, offer herself 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:

Information 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.

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 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.

13. ACKNOWLEDGEMENT:

Your Directors sincerely record their appreciation with gratitude for the continued support and assistance extended to the Company by the Bank 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. 4 (b) of Schedule 15) 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 and your Directors are confident that such irregularity shall not happen during the current year.

For and on behalf of the Board



Manoj R. Patel
Managing Director



Rajeev R. Patel
Director

Place : Mumbai
DATED : 18th August, 2008

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, 2008	Previous Year ended 31 st March, 2007
1. POWER AND FUEL CONSUMPTION		
a) Electricity		
1) Purchased units	4224.93	4752.91
(KWH in thousands)		
Total amount (Rs. in Lacs)	197.36	211.27
Rate / Unit (Rs.)	4.67	4.45
2) Own Generation :		
Through Diesel Generation	Nil	Nil
(KWH in thousands)		
Total amount (Rs. in Lacs)	Nil	Nil
Rate/ Unit (Rs.)	Nil	Nil
Through Steam Turbine/Generator	Nil	Nil
b) Coal & Lignite ('B' Grade)		
Quantity (M.T.)	4115.00	4188.00
Total Cost (Rs. in Lacs)	132.30	121.92
Average rate (Rs.)	3215.00	2911.00
c) Furnace Oil		
Quantity (Ltrs.)	Nil	Nil
Total amount (Rs. in Lacs)	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, 2008			Previous Year ended 31 st March, 2007		
	Electricity	Coal	Furnance	Electricity	Coal	Furnance
	& Lignite			& Lignite		
	(KWH)	(Kgs)	Oil (Ltr.)	(KWH)	(Kgs)	Oil (Ltr.)
Paper, Paper Board And Paper Pulp (Per tone)	443	432	---	429	378	---

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	Rs. 68.87
Foreign Exchange used earning	Rs. Nil

For and on behalf of the Board



Manoj R. Patel
Managing Director



Rajeev R. Patel
Director

PLACE: Mumbai
DATED : 18th August, 2008