

**36<sup>TH</sup> ANNUAL REPORT**

**VAPI PAPER MILLS LIMITED**

**FINANCIAL YEAR :- 2009 – 2010**

## NOTICE

NOTICE is hereby given that the 36<sup>th</sup> 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, 2<sup>nd</sup> Floor, 7/C Pitamber Lane, Mahim (West), Mumbai – 400 016 on Thursday, the 30<sup>th</sup> September, 2010 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, 2010
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.

By order of the Board



Manoj R. Patel  
Managing Director

Place: Mumbai  
Dated: 31<sup>st</sup> August , 2010

### 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 Thursday, the 23<sup>rd</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
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 dematerialization of equity shares of the Company.

## DIRECTORS' REPORT

To,  
**The Members of**  
**VAPI PAPER MILLS LIMITED,**

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report of the Company together with Audited statement of Accounts for the year ended 31<sup>st</sup> March, 2010.

### 1. FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2009-10	2008-09
	=====	=====
Net Sales and Other Income	683.68	1916.53
Gross Profit / (Loss)	(337.67)	155.15
Less: Depreciation	50.71	71.59
Profit / (Loss) before Tax	(388.38)	83.56
Less : Provision for Income Tax	-	-
Fringe Benefit Tax	-	1.10
Deferred Tax	-	-
Net Profit / (Loss) After Tax	(388.38)	82.46
Less: Extra Ordinary Items	5.97	14.69
Net Profit / (Loss) After Tax & Extra Ordinary Items	(394.35)	67.77
Add : Balance of Profit/(Loss) brought forward	(428.65)	(496.42)
Surplus available for Appropriations:	(823.00)	(428.65)
a) Proposed Dividend	-	-
b) Tax on Dividend	-	-
Surplus / (Deficit) carried to Balance Sheet	(823.00)	(428.65)
	=====	=====

### 2. DIVIDEND:

The Directors do not recommend any Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2010.

### 3. OPERATIONS:

During the year, Company has achieved a Production of 3,947 MT of Paper and Paper Board against Production of 8,008 MT achieved during the previous year. The production of Engineering Division during the year was 10 Units against production of 38 Units achieved during the previous year. The Gross turnover(excluding other income ) during the year was Rs.6.90 Crores against Rs.15.62 Crores in the previous year.

The Manufacturing operations of the company have been suspended with effect from 7<sup>th</sup> November, 2009 due to uneconomical scale of operations resulting into continuous losses

during past few years. The Paper Plant at Vapi have been disposed off and your Directors are now exploring the possibilities to diversify its activities into area which are profitable in the long run.

#### **4. FIXED DEPOSITS:**

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

#### **5. DIRECTORS:**

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 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 & Company, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. You are requested to appoint Auditors to hold office until the next Annual General Meeting and fix their remuneration.

**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.

For and on behalf of the Board



**Manoj R. Patel**  
**Managing Director**



**Rajeev R. Patel**  
**Director**

**Place : Mumbai**  
**DATED : 31<sup>st</sup> August, 2010**

**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 :**

	<b>Current Year ended 31<sup>st</sup> March, 2010</b>	<b>Previous Year ended 31<sup>st</sup> March, 2009</b>
	-----	-----
<b>1. POWER AND FUEL CONSUMPTION</b>		
<b>a) Electricity</b>		
1) Purchased units (KWH in thousands)	<b>1636.27</b>	3645.22
Total amount (Rs. in Lacs)	<b>104.67</b>	215.81
Rate / Unit (Rs.)	<b>6.40</b>	5.92
2) Own Generation :		
Through Diesel Generation	<b>Nil</b>	Nil
(KWH in thousands)		
Total amount ( Rs.in Lacs )	<b>Nil</b>	Nil
Rate/ Unit ( Rs.)	<b>Nil</b>	Nil
Through Steam Turbine/Generator	<b>Nil</b>	Nil
<b>b) Coal &amp; Lignite ('B' Grade)</b>		
Quantity (M.T.)	<b>1622.00</b>	4270.00
Total Cost (Rs. in Lacs)	<b>59.62</b>	142.31
Average rate (Rs.)	<b>3675.00</b>	3333.00
<b>c) Furnace Oil</b>		
Quantity (Ltrs.)	<b>Nil</b>	Nil
Total amount (Rs.in Lacs )	<b>Nil</b>	Nil
Average rate (Rs. )	<b>Nil</b>	Nil
<b>d) Other / Internal Generation</b>		
	<b>Nil</b>	Nil

**2. CONSUMPTION PER UNIT OF PRODUCTION :**

	<b>Current Year ended 31<sup>st</sup> March, 2010</b>			<b>Previous Year ended 31<sup>st</sup> March, 2009</b>		
	<b>Electricity</b>	<b>Coal &amp; Lignite</b>	<b>Furnance &amp; Lignite</b>	<b>Electricity</b>	<b>Coal &amp; Lignite</b>	<b>Furnance &amp; Lignite</b>
	<b>(KWH)</b>	<b>(Kgs)</b>	<b>Oil (Ltr.)</b>	<b>(KWH)</b>	<b>(Kgs)</b>	<b>(Ltr.)</b>
Paper, Paper Board And Paper Pulp (Per tone)	415	411	---	455	533	---

## 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. 7.33 Lacs
Foreign Exchange used earning	Rs. Nil

For and on behalf of the Board

PLACE: Mumbai  
DATED : 31<sup>st</sup> August, 2010

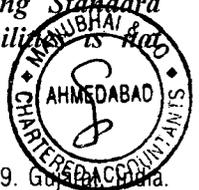
  
Manoj R. Patel  
Managing Director

  
Rajeev R. Patel  
Director

**AUDITORS' REPORT**

To,  
The Shareholders of  
**VAPI PAPER MILLS LIMITED.**

1. We have audited the attached Balance Sheet of **VAPI PAPER MILLS LIMITED.** as at 31st March 2010, and also Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statements for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books. The Company has no branches.
  - (iii) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 *except Accounting Standard (AS-15) on "Employee Benefits"; Accounting Standard (AS-17) on "Accounting for Segment Reporting"; AS -11 on "Effects of changes in foreign exchange rates - revised 2003" and Accounting Standard (AS-24) on "Discontinuing Operations" notified under company Accounting Standard Rules, 2006 the effect of the same on loss, assets and liabilities are not ascertainable.*



- (v) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March 2010 from being appointed as a director in terms of Clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956.
- (vi) *We are unable to form an opinion about realisability or otherwise of loans and advances of Rs. 9,250 thousand as no payment was received since long time and the confirmation of balances have not been obtained from the said party. The effect of the same on loss, reserves and assets could not be quantified.*
- (vii) Subject to our comments in Para (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010
  - in the case of Profit & Loss Account of the Loss for the year ended on that date; and
  - in case of cash flow statement, of the cash flows for the year ended on that date.

Place : Ahmedabad

Dated : September 2, 2010



For Manubhai & Co.  
Chartered Accountants  
Firm Reg. No. : 106041W

A handwritten signature in black ink, appearing to be "K. M. Patel".

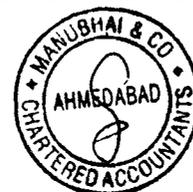
(K. M. Patel)  
Partner

Membership No. 45740

## VAPI PAPER MILLS LIMITED

### ANNEXURE TO AUDITORS' REPORT [Referred to in paragraph (3) of our report of even date]

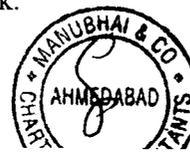
- (i) (a) *The Company has not maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.*
- (b) We are informed by the management that all fixed assets were physically verified during the year. As informed to us, no material discrepancies have been noticed on such verification as compared to records maintained by the company.
- (c) During the year, the Company has disposed off substantial part of its assets. However this has not affected going concern.
- (ii) (a) The inventory has been physically verified at regular intervals during the year by the management. In our opinion this frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause 4(iii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (b) The company had taken loan from two companies and four individuals listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 284.47 lacs and the year-end balance of loans taken from such parties was Rs. 870.56 lacs.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (d) In respect of loans taken by the company the principal amount is repayable on demand.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



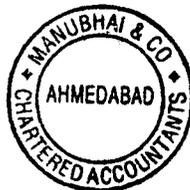
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- (vi) During the year the Company has not accepted deposits from public. However in respect of unsecured loans from parties obtained in earlier years and outstanding as on March 31, 2010, the Company has not complied with the provisions of sections 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 (hereinafter referred to as Rules), as mentioned hereunder:
- a) The Company has not maintained liquid assets as required by Rule 3A of the Rules.
- b) The Company has not filed statement in lieu of advertisements with the Registrar of Companies under Rule 4A (1) of the Rules, and
- c) The Company has not filed returns of deposits with the Registrar of Companies, under Rule 10 of the Rules.

Further, we are informed that no Order has been passed by the Company Law Board ('the CLB') or National Company Law Tribunal ('the NCLT') or Reserve Bank of India ('the RBI') or any Court or any other Tribunal.

- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The company is required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 in respect of paper manufactured by it. As informed to us, the necessary records as required by the rules are under preparation.
- (ix) (a) **The company is not regular in depositing statutory dues with appropriate authorities viz. Sales Tax, Excise Duty, Service Tax, Family Pension Fund, Provident Fund and Employees' state insurance.** However, no undisputed amounts payable in respect of such dues were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has incurred cash losses during the financial year; however the Company has incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank.



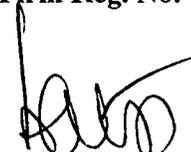
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) We are informed that, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that short term funds of Rs. 74,286 thousands have been used for long term purpose.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year.
- (xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.



Place : Ahmedabad

Dated : September 2, 2010

For Manubhai & Co.  
Chartered Accountants  
Firm Reg. No. : 106041W



(K. M. Patel)

Partner  
Membership No. 45740

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees in Thousands)

	Schedule	As At 31st March 2010		As At 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
<b>A) SOURCES OF FUNDS</b>					
1) SHAREHOLDERS' FUNDS:					
a) Share Capital	1	22,815		22,815	
b) Reserves & Surplus	2	<u>43,406</u>	66,221	<u>43,406</u>	66,221
2) LOAN FUNDS:					
a) Secured Loans	3	-		13,439	
b) Unsecured Loans	4	<u>86,295</u>	86,295	<u>61,289</u>	74,729
3) DEFERRED TAX LIABILITIES (NET)					
TOTAL			<u>152,516</u>	<u>140,950</u>	
<b>B) APPLICATION OF FUNDS</b>					
1) FIXED ASSETS:					
a) Gross Block	5	113,910		170,557	
Less: Depreciation		<u>55,903</u>	58,007	<u>98,560</u>	71,997
2) INVESTMENTS:					
3) CURRENT ASSETS, LOANS & ADVANCES:					
a) Inventories	7	1,370		12,013	
b) Sundry Debtors		3,828		18,349	
c) Cash & Bank Balances		534		1,632	
d) Loans & Advances		<u>20,622</u>		<u>23,971</u>	
		26,353		55,965	
Less: CURRENT LIABILITIES AND PROVISIONS:					
a) Current Liabilities	8	14,017		27,900	
a) Provisions		<u>327</u>		<u>2,177</u>	
		14,344		30,078	
NET CURRENT ASSETS:					
			12,009		25,887
4) PROFIT & LOSS ACCOUNT:					
TOTAL			<u>152,516</u>	<u>140,950</u>	
SIGNIFICANT ACCOUNTING POLICIES					
NOTES TO ACCOUNTS					

This is the Balance Sheet referred to in our report of even date

For VAPI PAPER MILLS LIMITED

Manubhai & CO.  
Chartered Accountants

K.M. Patel  
Partner

Ahmedabad  
Dated: 2nd September, 2010



*M. Patel*

Manoj R. Patel  
Managing Director

*Rajesh R. Patel*

Rajesh R. Patel  
Director  
Mumbai  
Dated: 31 August, 2010

VAPI PAPER MILLS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in Thousands)

	Schedule	For the Year Ended		For the Year Ended	
		31st March 2010.	Rs.	31st March 2009.	Rs.
<b>A) INCOME</b>					
1) Sales	10	68,959		156,150	
Less : Excise Duty		3,143		6,740	
Net Sales		65,816		149,410	
2) Other Income	11	2,859		42,243	
3) Accretion/(Decretion) to Stock	12	(2,077)		(2,737)	
<b>TOTAL</b>			<b>66,598</b>		<b>188,915</b>
<b>B) EXPENDITURE</b>					
1) Manufacturing and Other Expenses	13	98,397		169,481	
2) Interest		1,968		3,919	
3) Depreciation		5,071		7,159	
<b>TOTAL</b>			<b>105,436</b>		<b>180,559</b>
Profit / ( Loss ) before tax & prior period adjustments.			(38,838)		8,356
Less : Provision for Income Tax		-		-	-
Less : Provision for Fringe benefit tax		-			110
					110
Profit / ( Loss ) after taxation & before prior period adjustment			(38,838)		8,246
Less : Prior Period Adjustments (Debit)		597		1,469	
			597		1,469
Profit / ( Loss )-for the year after tax & prior period adjustments			(39,435)		6,777
Add : Balance of (Loss) Brought Forward			(66,853)		(73,630)
Balance of (Loss ) carried to Balance Sheet			(106,288)		(66,853)
Basic and diluted Loss Per Share (Refer Note 18 in Schedule 15)			(17.29)		2.97
SIGNIFICANT ACCOUNTING POLICIES	14				
NOTES TO ACCOUNTS	15				

This is the Profit & Loss account referred to in our report of even date

For VAPI PAPER MILLS LIMITED

Manubhai & CO.  
Chartered Accountants  
*K.M. Patel*  
Partner



Ahmedabad  
Dated: 2nd September, 2010

*M. Patel*  
Manoj R. Patel  
Managing Director  
*Rajeev R. Patel*  
Rajeev R. Patel  
Director

Mumbai  
Dated: 31st August, 2010

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2010  
And Profit & Loss Account for the year ended on that date

		(Rupees in Thousands)			
		2009 - 2010		2008 - 2009	
		Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 1:</b>					
<b>SHARE CAPITAL</b>					
Authorised:					
3000000 Equity Shares of Rs. 10/- each			30,000		30,000
20000 12 % Tax Free Redeemable Cumulative Preference Shares of Rs. 100/- each redeemable at par at any time			2,000		2,000
			<u>32,000</u>		<u>32,000</u>
<b>Issued, Subscribed &amp; Paid up:</b>					
22,81,450 (Previous year - 22,81,450 shares) Equity Shares of Rs. 10/- each Fully Paid up					
Out of the above shares					
i) 4,96,050 Equity shares have been issued as fully paid up Bonus shares by way of capitalisation of General Reserve of Rs.3,648 thousands and Capital Redemption Reserve of Rs.1,313 thousands, and					
ii) 2,00,000 Equity Shares of Rs. 10/- each fully paid-up have been issued pursuant to scheme of amalgamation without payment being received in cash in the year 1997-98.					
TOTAL			<u>22,815</u>		<u>22,815</u>
<b>SCHEDULE 2:</b>					
<b>RESERVES &amp; SURPLIJS</b>					
Securities Premium Account (As per last Balance Sheet)			43,406		43,406
General Reserve:					
As per last Balance Sheet		23,988		23,988	
Less: Deducted from Debit Balance in Profit and Loss Account (As per Contra)		<u>23,988</u>		<u>23,988</u>	
TOTAL			<u>43,406</u>		<u>43,406</u>
<b>SCHEDULE 3:</b>					
<b>SECURED LOANS</b>					
From The Zoroastrian Co-Op bank Ltd.					
Cash Credits			-		13,439
TOTAL			<u>-</u>		<u>13,439</u>
<b>SCHEDULE 4:</b>					
<b>UNSECURED LOANS</b>					
Fixed Deposits (Including Rs. 79,769 thousands from Directors) (Previous year Rs. 54,609 thousands)			85,704		60,677
Interest accrued and due on Fixed Deposits			591		613
TOTAL			<u>86,295</u>		<u>61,289</u>



Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2010  
And Profit & Loss Account for the year ended on that date (contd.)

**SCHEDULE 5 :  
FIXED ASSETS**

( Rupees In Thousands)

Sr. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Additions During the year	Sales/ Transfer During the year	As at 31.03.2010	Provided up to 31.03.2009	Provided During the year	Sales/ Transfer During the year	Total upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
		1	2	3	4	5	6	7	8	9	10
1	Leasehold Land	380	0	0	380	0	0	0	0	380	380
2	Factory Office & Godown Building	11,846	1,076	0	12,922	8,753	306	0	9,059	3,863	3,092
3	Plant & Machinery	151,709	588	58,311	93,985	83,658	4,645	47,729	40,575	53,410	68,052
4	Office Equipments	4,958	0	0	4,959	4,711	65	0	4,776	183	247
5	Fixtures	708	0	0	708	662	8	0	670	38	46
6	Vehicles	956	0	0	956	776	47	0	823	133	180
	<b>TOTAL</b>	170,557	1,664	58,311	113,910	98,560	5,071	47,729	55,903	58,007	71,997
	PREVIOUS YEAR	176,282	3,760	9,485	170,557	96,925	7,159	5,523	98,560	71,997	-



\* Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2010  
And Profit & Loss Account for the year ended on that date (contd.)

(Rupees in Thousands)					
		2009 - 2010		2008 - 2009	
		Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 6:</b>					
<b>INVESTMENTS ( at cost)</b>					
<b>A) IN TRUST SECURITIES</b>					
<b>Long Term</b>					
	100		100		
10000 Units of Rs. 10/- each fully paid up of Unit Trust of India Scheme Master Gain - 92 (Prev. year 10000 Units)	<u>          </u>	100	<u>          </u>	100	<u>          </u>
<b>B) IN FULLY PAID UP SHARES, OTHER THAN TRADE</b>					
	100		100		
The Zoroasterian Co-op Bank Ltd. 4000 Shares @ Rs.25.00 ( Unquoted)	<u>          </u>	100	<u>          </u>	100	<u>          </u>
<b>TOTAL</b>		<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>
<b>SCHEDULE 7:</b>					
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
<b>1) Inventories</b>					
Stores, Spares Parts, etc.	652		2,948		
Stock-in-Trade :-					
Raw Materials	-		1,261		
Finished goods	-		822		
Stock in process	-		1,255		
Stock of Engineering Goods	<u>          </u> <u>          </u>		<u>          </u> <u>          </u>	5,727	
			1,370		12,013
<b>2) Sundry Debtors</b>					
(Unsecured considered Good)					
Due for more than six months	689		2,752		
Others	<u>          </u> <u>          </u>		<u>          </u> <u>          </u>	15,596	
			3,828		18,349
<b>3) Cash &amp; Bank Balance</b>					
Cash on hand	12		107		
With Scheduled Banks					
In Current Accounts	<u>          </u> <u>          </u>		<u>          </u> <u>          </u>	1,525	
			534		1,632
<b>4) Loans &amp; Advances</b>					
(Unsecured, considered good)					
a) Loans	9,251		10,691		
b) Advances recoverable in cash or in kind or for value to be received	<u>          </u> <u>          </u>		<u>          </u> <u>          </u>	8,783	
c) Advance to Staff	200		325		
d) Sundry Deposits (Deposits with Govt. Dept., Public Authorities and others )	<u>          </u> <u>          </u>		<u>          </u> <u>          </u>	2,671	
e) Advance Income Tax	668		503		
f) Share Application Money	<u>          </u> <u>          </u>		<u>          </u> <u>          </u>	1,000	
			20,622		23,971
<b>TOTAL</b>		<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>



Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2010  
And Profit & Loss Account for the year ended on that date (contd.)

(Rupees in Thousands)

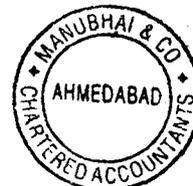
	2009 - 2010		2008 - 2009	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 8:</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>A) CURRENT LIABILITIES</b>				
Sundry Creditors				
Due to Micro, Small, Medium Enterprises	-		-	
Other Creditors	4,681		18,554	
Advance against Sale of Machineries	5,901		-	
Trade Deposits	1,700		2,110	
Other Current Liabilities	1,735		7,236	
		14,017		27,900
<b>B) PROVISIONS</b>				
Taxation	327		327	
Gratuity	-		1,850	
		327		2,177
<b>TOTAL</b>		<b>14,344</b>		<b>30,078</b>

Note: No amount is due and outstanding as on March 31st, 2010 to be transferred to Investor Education Protection Fund.

<b>SCHEDULE 9:</b>			
<b>PROFIT &amp; LOSS ACCOUNT</b>			
Debit balance of Profit & Loss Account		(106,288)	(66,353)
Less : Balance of general reserve deducted (As per Contra)		23,988	23,988
		<u>(82,300)</u>	<u>(42,365)</u>

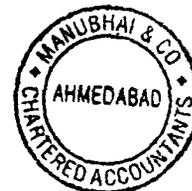
<b>SCHEDULE-10 :</b>			
<b>SALES</b>			
<b>SALES : PAPER DIVISION</b>			
Sales		62,524	131,075
Less : Excise Duty		2,707	4,941
Net Sales		<u>59,817</u>	<u>126,135</u>
<b>SALES :ENGINEERING DIVISION</b>			
Sales Manufacturing		5,669	23,515
Less : Excise Duty		436	1,799
Net Sales		<u>5,234</u>	<u>21,716</u>
<b>SALES :TRADING DIVISION</b>		765	1,454
<b>SALES : MISCELLENEOUS</b>		-	106
<b>NET SALES TOTAL</b>		<u>65,816</u>	<u>149,410</u>

<b>SCHEDULE 11:</b>			
<b>OTHER INCOME</b>			
Transit Insurance on Sale of Goods		-	26
Other Miscellaneous Income		492	25
Interest & Finance charges received		185	160
Dividend received (Gross)		25	15
Interest on refund of Income Tax		-	13
Provision for Gratuity W/Off		1,850	-
Profit on sale of Plant & Machinery		-	860
Profit on sale of Leasehold Land		-	40,843
Service charges received		-	300
Sundry Balance W/Off		307	-
<b>TOTAL</b>		<u>2,859</u>	<u>42,243</u>



Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2010  
And Profit & Loss Account for the year ended on that date (contd.)

		(Rupees in Thousands)			
		2009 - 2010		2008 - 2009	
		Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 12:</b>					
<b>ACCRETION / (DECRETION) TO STOCK OF FINISHED GOODS AND STOCK-IN-PROCESS.</b>					
Opening Stock					
Finished Goods		822		1,360	
Stock-in-process		<u>1,255</u>		<u>3,455</u>	
			2,077		4,815
Closing Stock					
Finished Goods		-		822	
Stock-in-process		<u>-</u>		<u>1,255</u>	
			-	-	2,077
<b>ACCRETION / (DECRETION) TO STOCK</b>			<u><u>(2,077)</u></u>		<u><u>(2,737)</u></u>
<b>SCHEDULE 13:</b>					
<b>MANUFACTURING AND OTHER EXPENSES</b>					
Raw material consumed			35,332		83,299
Consumption of Dyes and Chemicals			3,159		8,582
Consumption of Stores and Spare Parts			2,057		1,836
Consumption of Packing Material			145		489
Power & Fuel			16,770		36,066
VPM Engineering Division Purchase					
Consumption of Engineering Goods			6,311		8,790
VPM Trading Division Purchase					
Purchase Felt, Wire cloth & Other Stores			959		2,669
Employees Remuneration & Benefits					
Wages, Salaries, Bonus etc.		11,973		7,190	
Contribution to Gratuity Fund		5,764		245	
Contribution to Provident & Other Funds		431		829	
Staff Welfare Expenses		<u>120</u>		<u>232</u>	
			18,288		8,495
Water Charges			662		1,288
Rent & Hire Charges			449		809
Insurance Other			113		123
Rates, Taxes & Fees			130		472
Repairs & Maintenance to:					
Plant & Machinery		156		559	
Other Assets		<u>29</u>		<u>122</u>	
			185		681
Commission on Sales			511		743
Travelling & Conveyance			137		258
Vehicle Expenses			258		464
Legal Charges & Professional Fees			1,041		1,211
Remuneration to Directors			360		480
Bad - Debts W/off			1,204		10,645
Loss on Sale of Assets			8,566		-
Sundry Exps (including Printing & Stationery, Purchase Tax, Telephone, Bank chgs, Security Expenses etc.)			1,759		2,081
<b>TOTAL</b>			<u><u>98,397</u></u>		<u><u>169,481</u></u>



## **SCHEDULE – 14:**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Historical Cost Basis:**

The financial statements are prepared under the historical cost convention and in accordance with applicable mandatory accounting standards and relevant presentation requirements of the Companies Act, 1956.

#### **2. Use of Elements :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### **3. Revenue Recognition :**

All income and expenses are recognised and accounted on accrual basis, except interest on loans which is accounted on cash basis as there is uncertainty of realization.

#### **4. Fixed Assets and Depreciation :**

- a) Fixed Assets include all expenditure of capital nature and are stated at cost less depreciation.
- b) Depreciation on fixed assets has been provided at the rates prescribed in **Schedule XIV** to the Companies Act, 1956 as under :
  - i) as per straight line method on plant and machineries.
  - ii) as per written down value method on all other assets.
- c) Depreciation on additions/sale of assets during the year has been provided on pro-rata basis.

#### **5. Impairment of Fixed Assets:**

- a) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of Company's fixed assets. If any indication exists an assets recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.



**6. Investments:**

Investments are of long-term nature and are valued at acquisition cost.

**7. Inventories :**

Inventories of stock in process, finished goods and raw materials have been valued at lower of cost or net realizable value. For this purpose cost is arrived at on the First in First out basis.

**8. Foreign Currency Transactions :**

Foreign Currency Transactions in respect of import of Raw Materials are recorded by applying the exchange rate prevailing on the date of payment.

- a) Transactions in foreign currencies are recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) Monetary items which are denominated in foreign currency are translated at the exchange rates prevailing at the Balance Sheet date and profit/ loss on translation thereon is credited or charged to the Profit and Loss account.

**9. Sales:**

Sales comprise of sales of manufactured and trading goods and are inclusive of excise duty but it excludes sales tax and other charges received.

**10. Employees Benefits:**

Company's contributions to Provident Fund and Family Pension Scheme are charged to Profit & Loss Account on accrual basis.

- a) The company does not offer leave encashment benefits. Bonus is accounted on declaration.
- b) The liability on account of Gratuity is accounted on the basis of actuary's certificate.
- c) The company's contribution to Provident Fund and ESIC are charged to Profit & Loss account.

**11. Borrowing Cost :**

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.



## **12. Taxes on Income :**

- a) Tax expense comprise of current and deferred taxes.
- b) Current income tax and fringe benefit tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act.
- c) Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized.

## **13. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

A provision is recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A disclosure for a contingent liability is made when there is a possible or present obligation that may but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **14. General:**

Accounting Policies not specifically referred to are consistent with generally accepted accounting practice.

## **15. Earning per share**

The basic earning per share is computed by dividing the net profit/(loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period.

## **16. Leases:**

Assets taken various residential premises for workers on leave and license basis, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Operating leases payments are recognized as expense in the Profit and Loss Account on a straight- line basis over the lease term

# VAPI PAPER MILLS LIMITED

## Schedules forming part of accounts

### SCHEDULE - 15:

#### NOTES TO ACCOUNTS

1. **Contingent Liabilities** Rs. Nil (Previous Year Rs. Nil)

2. **Capital Commitment:**

Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. Nil (Previous Year Rs. Nil)

3. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business, provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.

4. a) Balance of Creditors, Debtors, Loans & Advances are subject to confirmation by the parties.

b) The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium enterprises development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31.3.2010 has been not made in the financial statements based on information received and available with the company. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

5. a) **Managing Director & Executive Director Remuneration Includes :**

(Rs. in thousands)

Particulars	2009-2010	2008-2009
Salaries	360	480
Contribution to Provident Fund	14	19
<b>TOTAL</b>	<b>374</b>	<b>499</b>

b) In view of the fact that there is a global contribution to Gratuity Fund, the amount applicable to individual employee is not ascertainable and accordingly, contribution to Gratuity Fund in case of Managing Director/ Whole time Director is not shown separately in the Profit and Loss Account.



c) As no Commission to Managing Director/ Whole time Director is payable for the year, on account of loss, the computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 has not been given.

6. The Company has setup Gratuity Fund for future payment of retirement gratuities of employees. The company has not ascertained the amount of accrued liability on the basis of actuarial valuation and has not made any contribution to gratuity fund. However, provision for gratuity has been made in the accounts on the on the basis of estimate made by the management.

7. Sundry Expenses include Auditors' Remuneration as follows:

(Rs. in thousands)

Particulars	2009-2010	2008-2009
Audit Fees ( Inclusive of Service tax )	39	38
<i>In other Capacity ( Inclusive of Service Tax )</i>		
For Tax Audit	11	11
For Taxation Matters	11	11
Reimbursement of Travelling Expenditure	3	6
<b>TOTAL</b>	<b>64</b>	<b>66</b>

8. Interest paid includes Rs.NIL thousands (Previous year Rs. NIL thousands) paid to Directors.

9. No Provision for Income Tax has been made during the year.

10. Quantitative and Turnover information:

**A) Particulars regarding capacities and production:**

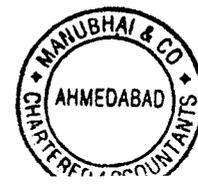
(i) Licensed: License is not required under the Industries (Development & Regulation) Act.

**(ii) Installed Capacity (As Certified by Management):**

CLASS OF GOODS	2009-2010 M.T.	2008-2009 M.T.
Paper and Paper Board (As per DGTD Registration)	15,000	15,000
Engineering Division	N.A.	N.A.

**(iii) Production:**

CLASS OF GOODS	2009-2010	2008-2009
Paper and Paper Board (As per DGTD Registration)	3,947 M.T.	8,008 M.T.
Engineering Goods	10 Units	38 Units



**B) Particulars regarding Opening Stock, Closing Stock, Sales of Finished goods**

(Rs. in thousands)

Sr. No.	Particulars	Unit	2009-2010		2008-2009	
			Quantity	Value Rs.	Quantity	Value Rs.
1	Opening Stock					
	Paper and Paper Board	MT	52	822	92	1,360
	Engineering Goods	UNITS	NIL	NIL	NIL	NIL
2	Closing Stock					
	Paper and Paper Board	MT	NIL	NIL	52	822
	Engineering Goods	UNITS	NIL	NIL	NIL	NIL
3	Sales					
	Paper and Paper Board	MT	4,058	62,524	8,072	1,31,075
	Engineering Goods	UNITS	10	5,669	38	23,515

\*\* Sales quantity includes 25.21 MT sent for Job Work and 44.30 MT Sale of Return Rejected Goods

**C) Particulars of Raw Material Consumed:**

Sr. No.	Particulars	Unit	2009-10		2008-09	
			Quantity	Value Rs.	Quantity	Value Rs.
1.	Consumption of Raw Materials					
	Waste Paper	MT	4,430	35,332	9,244	83,299
	Engineering Goods – Stores & Spares etc.	Units	N.A.	6,311	N.A.	8,790

**D) Particulars regarding value of imported and indigenous raw materials, stores and spare parts, dyes and chemicals consumed :-**

(Rs. in thousands)

PARTICULARS	2009-10		2008-09	
	%	Value Rs	%	Value Rs
<b>RAW MATERIAL</b>				
Imported	1.11	394	8.22	6,845
Indigenous	98.89	34,938	91.78	76,454
<b>Total</b>	<b>100.00</b>	<b>35,332</b>	<b>100.00</b>	<b>83,299</b>
<b>STORES AND SPARES PARTS</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	100.00	2,057	100.00	1,836
<b>Total</b>	<b>100.00</b>	<b>2,057</b>	<b>100.00</b>	<b>1,836</b>



<b>DYES AND CHEMICALS ETC.</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	100.00	3,159	100.00	8,582
<b>Total</b>	<b>100.00</b>	<b>3,159</b>	<b>100.00</b>	<b>8,582</b>

**11. Disclosure for operating leases under Accounting Standard 19 – “Leases”**

- (i) The company has given / taken office premises for staff of the company under Leave and license agreements. These are generally not non cancelable and for the period ranging between 11 months of three years under leave and license.
- (ii) Lease income are recognized to Profit and Loss Account under “Rent received” for Rs. 4,91,700/- (P.Y. Rs.25,200/-). Lease payments are recognized to Profit and Loss Account under “Rent paid” for Rs. 1,87,300/- (P.Y. Rs. 1,50,250/-).

**12. Expenditure in foreign currency during the year on account of Travelling expenses Rs. NIL (Previous Year Rs. NIL )**

**13. CIF Value of Imports of Raw Materials for Paper Division Rs.NIL Lacs and Import of Felt, Wire Cloth , Stores Rs.9.39 Lacs for VPM Engineering & Trading Division (Previous Year Rs. 19.10 Lacs )**

**14. Remittance in Foreign Currency on account of Dividend Rs. NIL (Previous Year Rs. NIL)**

**15. Earnings in foreign exchange on account of Exports Rs. NIL (Previous Year Rs. NIL)**

**16. Related party disclosures:**

**I. LIST OF RELATED PARTIES:**

**A) Key Management Personnel:**

- a) Shri Manoj R. Patel - Managing Director
- b) Shri Rajeev R. Patel - Wholetime Director
- c) Smt. Laxmiben J. Patel - Director

**B) Other Related Parties:**

- a) M/S Polycone Paper Limited - Associate company.
- b) Laj Investments Private Limited - Associate company.



## II. Transaction with related parties:

(Rs. in thousands)			
Sr. No.	Particulars	2009-10	2008-09
1	Remuneration to Shri Manoj R. Patel	1,80,000	2,40,000
2	Additional Loan taken from Shri Manoj R. Patel	86,98,708	5,89,954
3	Remuneration to Shri Rajeev R. Patel	1,80,000	2,40,000
4	Interest on Loan to Shri Rajeev R. Patel	NIL	NIL
5	Additional Loan taken from Shri Rajeev R. Patel	1,34,45,132	3,77,300
6	Interest on Loan to Smt. Laxmiben J. Patel	NIL	NIL
7	Additional Loan taken from Smt. Laxmiben J. Patel	20,57,,993	95,000
8	Interest on Loan to Laj Investments Private Limited	NIL	NIL
9	Additional loan from Laj Investments Private Limited	3,65,000	NIL
10	Loan taken from M/S. Polycone Paper Limited.	NIL	20,00,000

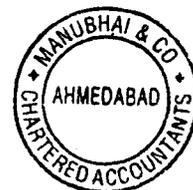
## III. Outstanding balances as at Balance Sheet date :

(Rs. in thousands)			
Sr. No.	Particulars	2009-10	2008-09
1	Shri Manoj R. Patel	4,92,81,247	4,05,82,539
2	Shri Rajeev R. Patel	1,87,23,443	44,42,410
3	Shri Laxmiben J. Patel	1,10,85,993	90,28,000
4	M/S. Laj Investments Private Limited	26,91,688	23,36,688
5	M/S. Polycone Paper Limited.	20,00,000	20,00,000

17. In view of the uncertainty of availment of tax benefit on accumulated business losses and unabsorbed depreciation, the company has not considered any deferred tax assets as required to be disclosed under Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

## 18. Earnings Per Share:

(Rs. in thousands)		
Particulars	2009-10	2008-09
Profit /(Loss) in Rupees	(3,94,35,461)	67,77,325
Weighted average number of equity shares outstanding	22,81,450	22,81,450
Basic and diluted Profit / (Loss ) per share in Rupees	(17.29)	2.97



19. The Company operates two segments viz. Paper division and Eng. Division. However the required information as per AS -17 is not given.
20. The Company has shut down the manufacturing activity of Paper division on 4<sup>th</sup> November 2009. The Company has sold the part of the plant and machinery and retrenched the labours and staff for the Paper Division. However, the required information as per Accounting standard 24 has not been given.
21. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of current year.



**22. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

Balance Sheet abstract and Company's General Business Profile

**I. REGISTRATION DETAILS:**

Registration No. 32457

State Code: 11

Balance Sheet Date: 31 - 03 - 2010  
Date Month Year

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS):**

Public Issue	Bonus Issue
NIL	NIL
Rights Issue	Private Placement
NIL	NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS):**

Total Liabilities	Total Assets
152,516	152,516

**SOURCES OF FUNDS:**

Paid-up Capital	Reserves and Surplus
22,815	43,406
Secured Loan	Unsecured Loans
NIL	86,295

**APPLICATION OF FUNDS:**

Net Fixed Assets	Investments
58,007	200
Net Current Assets	Accumulated Losses
12,009	82,300

**IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)**

Total Income	Total Expenditure
* 66,598	105,436
Profit /(Loss) before Tax	Profit /(Loss) after Tax
(39,435)	(39,435)
Earnings Per Share (In Rs.)	Dividend Rate (%)
(17.29)	NIL

\* Including Other Income



**V. GENERIC NAMES OF TWO PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS):**

**Item Code No. (ITC Code)**  
47079000

**Production Description**  
Paper & Paper Board

**SIGNATURE TO SCHEDULES 1 TO 15**

As per our Audit Report of even date attached

For **VAPI PAPER MILLS LIMITED**



**K.M. Patel**  
Partner



**MANUBHAI & CO.**  
Chartered Accountants  
Ahmedabad  
Dated : 2<sup>nd</sup> September, 2010



**Manoj R. Patel**  
Managing Director



**Rajeev R. Patel**  
Director

Mumbai  
Dated : 31<sup>st</sup> August, 2010

**VAPI PAPER MILLS LIMITED**  
**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET**  
**FOR THE YEAR ENDED ON 31st MARCH, 2010**

PARTICULARS		(Rs. In Thousands)	
		2009-10 Amount Rs.	2008-09 Amount Rs.
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Net Loss before Tax & Extra Ordinary Items:	(38,838)	8,246
	Adjustments for:		
	Depreciation	5,071	7,159
	Provision for Fringe Benefit Tax.	-	110
	(Profit) / Loss on sale of Assets.	8,566	(41,703)
	Interest Charged to Profit and Loss Account.	1,968	3,919
	Dividend Income	(25)	(15)
	Sundry Balance written back	-	(55)
		<b>15,580</b>	<b>(30,585)</b>
	<b>Operating Profit before Working Capital Changes</b>	<b>(23,258)</b>	<b>(22,339)</b>
	Adjustments for :-		
	Trade and Other Receivables	14,520	15,011
	Inventories	10,643	(1,371)
	Loans & Advances	3,349	(7,272)
	Current Liabilities	(13,883)	(13,606)
	Provision for gratuity	(1,850)	-
	(Increase) / Decrease in Net Current Assets	<b>12,780</b>	<b>(7,238)</b>
		<b>(10,478)</b>	<b>(29,577)</b>
	<b>Cash Generated from Operations</b>	<b>(10,478)</b>	<b>(29,577)</b>
	<b>Cash Flow before Extraordinary Items</b>	<b>(10,478)</b>	<b>(29,577)</b>
	Prior period Adjustments	(597)	(1,469)
	<b>Net Cash from / (used in) Operating Activities</b>	<b>(11,075)</b>	<b>(31,046)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Dividend Received	25	15
	Purchase of Fixed Assets	(1,664)	(3,760)
	Sale of Fixed Assets	2,017	45,664
	<b>Net Cash used in Investing Activities</b>	<b>378</b>	<b>41,919</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Loans Borrowed (Net of Repayment)	11,566	(5,948)
	Interest Paid	(1,968)	(3,919)
	<b>Net Cash from / (used in) Financing Activities</b>	<b>9,598</b>	<b>(9,867)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>(1,098)</b>	<b>1,006</b>
	Opening Cash and Cash Equivalents.	1,632	626
	Closing Cash & Cash Equivalents.	<b>534</b>	<b>1,632</b>

- Notes:**
- (i) Cash and Cash Equivalents represent Cash and Bank balances only.
  - (ii) Bank Overdraft and other short term loans have been treated as part of financing activity.
  - (iii) Previous years figures have been recast / restated wherever necessary.

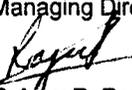
As per pur report of even date,

For VAPI PAPER MILLS LIMITED

Manubhai & Co.  
Chartered Acc:  
  
K. M. Patel  
Partner



Ahmedabad  
Dated: 2nd September, 2010

  
Manoj R. Patel  
Managing Director  
  
Rajeev R. Patel  
Director

Mumbai  
Dated: 31st August, 2010