

VAPI PAPER MILLS LIMITED

38 TH ANNUAL REPORT

F.Y. 2011-2012

VPM

VAPI PAPER MILLS LTD.

213 UDYOG MANDIR, PITAMBER LANE, MAHIM (WEST), MUMBAI 400016
TEL: 98200 68363 / 022-24449753 E-MAIL : vapipaper@gmail.com

DIRECTORS	:	Shri Manoj R. Patel - Managing Director
		Shri Rajeev R. Patel - Director
		Smt. Laxmiben J. Patel - Director
COMPANY SECRETARY		Shri Prakash V. Kotak
AUDITORS		Messrs, Manubhai & Co. Chartered Accountants Ahmedabad
REGISTERED OFFICE		213, Udhog Mandir No.1,2 nd Floor 7/C, Pitamber Lane, Mahim (West), Mumbai -400 016.
COMPANY E-MAIL		vapipaper@gmail.com
PLANT		298-299, GIDC Industrial Area Vapi 396 195 Dist. Valsad (Gujarat)
REGISTRARS AND TRANSFER AGENTS		M/s BIGSHARE SERVICES PVT. LTD. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Andheri (E) Mumbai- 400 072

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NOTICE

NOTICE is hereby given that the 38th 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 28th September, 2012 at 3:00 P. M. to transact the following business :-

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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, 2012
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.

SPECIAL BUSINESS:

4. Change of name of the Company:-

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 21 & other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the Members of the Company hereby accord their approval for changing the name of the Company from '**Vapi Paper Mills Limited**' to '**Vapi Enterprise Limited**' as name may be approved by the Central Government/Registrar of Companies.

"RESOLVED FURTHER THAT pursuant to Sections 16, 31 and other applicable provisions, if any, of the Companies Act, 1956, upon the change of name of the Company becoming effective, the name '**Vapi Paper Mills Limited**' wherever it occurs in the Memorandum and Articles of Association be substituted by the name '**Vapi Enterprise Limited**' as may be approved by the Central Government/ Registrar of Companies."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to decide the date, time and manner of filing the application with the Central Government/Registrar of Companies for seeking

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their approval to change the name of the Company and to do all such acts, deeds and things as may be deemed expedient and necessary in their absolute discretion to give effect to this Resolution in the best interests of the Company."

5. Alteration in the Objects Clause of the Memorandum of Association of the Company:-

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

"RESOLVED THAT in accordance with the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to approvals, permissions and sanctions from the appropriate authorities, if any, the main objects in the objects clause III (A) of the Memorandum of Association of the company be and is hereby altered by inserting the following sub clauses as new sub clause immediately after the sub clause 6.

7. To carry on the business of Building Construction & Civil Engineering Works of all types.
8. To carry on the business of Mechanical, Electrical, Technical, Commercial or General Engineering, Steel Fabricator, Erection and Welding, Interior Decoration & Furnishing.
9. To undertake and carry out all kinds of contracts with Government Departments, Local Bodies, Corporate or Incorporate Bodies, Individuals, Firms or other similar entities for all types of construction.
10. To construct, carry out, equip, alter, improve, develop, work, any electric light and Gasworks, and Power Plants, Telegraphs and Telephones and any markets, Water-works, Tanks, Roads/Highways, Airports and Airfields, Bridges, Staff and Workers lines and Houses and Bustees, Villages, Roadways, Tramways, Railways, Canals, Reservoirs, Aquaducts, Water course, Dykes, Drains, Wharves, Dyworks, Furnaces, Crushing Works, Hydraulic Works, Workshops, Factories, Warehouses, Sheds, Dwellings, Offices, Shops, Stores, Buildings and other works and conveniences.
11. To purchase or otherwise acquire, all or any part of the stock-in-trade, Plant-Machinery, Tools and Implements, Goodwill, Free-hold and Lease-hold premises, Liabilities of any running concern or connected with the business.
12. To erect, construct, work, improve or alter, or assist in the erection, construction, working maintenance, improvements or alteration of Mills, Factories, Plants, Machinery, Works, Railways, Tramways, Sidings, Jetties, Wharves, Bridges, Roadways, Water-works, Tanks, Wells, Reservoirs,

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Aqueducts, Canals, Vessels, Barges, Launches, Lorries, Cars, Wagons, Carts and other works and conveniences and to contribute to the expense of construction, improvement, maintenance and working any of the same and to pull down, rebuild and repair any of the same.

13. To undertake construction of infrastructure projects related to Roads, Highways, Bridges, Airports and Hydro Thermal Power Projects, *"Technological parks and Informational Technology/ Software Parks" on Build-Operate- Transfer or any other basis as an Entrepreneur or as a Contractor.
14. To undertake construction of infrastructure projects related to Road Highways, Bridges, Airports, Hydro/ Thermal Power Projects, Technological parks and Informational Technology/ Software Parks on Build-Operate- Transfer or any other basis as an Entrepreneur or as a Contractor.

RESOLVED FURTHER THAT the Board be and is hereby authorized, to do all such acts, deeds, matters and things as may be necessary, expedient and usual to implement this resolution."

6. Increase in the authorized share capital and consequent amendment to the Memorandum of Association.

To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, the present Authorized Share Capital of the Company be and is hereby increased from Rs. 3,20,00,000/- (Rupees Three Core Twenty Lakhs only) divided into 30,00,000 (Thirty Lacs) Equity Shares of Re. 10/- (Rupee Ten only) and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred Only) each to Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 98,00,000 (Ninety Eight) Equity Shares of Re. 10/- (Rupee Ten only) each and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred Only) each by creation of 68,00,000 (Sixty Eight Lacs) Equity Shares of Re. 10/- (Rupee Ten only) each."

"RESOLVED FURTHER THAT in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following clause:

V. "The Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 98,00,000 Equity Shares of Re. 10/- (Rupee Ten only) each and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees

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Hundred Only) each with rights, privileges and conditions attached thereto as many be provided by the regulations of the Company for the time being in force, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified deferred or special rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being permitted by the said Act or provided by the Articles of Association of the Company for the time being in force."

7. Increase in the authorized share capital and consequent amendment to the Article of Association:-

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, Clause 3 of the Articles of Association of the Company be and is hereby substituted by the following clause:

3. "The Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 98,00,000 Equity shares of Rs. 10/- (Rupees Ten) and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred Only) each with rights, privileges and conditions attached thereto as many be provided by the regulations of the Company for the time being in force, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified deferred or special rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being permitted by the said Act or provided by the Articles of Association of the Company for the time being in force."

By order of the Board

Sd/-

Manoj R. Patel
Managing Director

Place: Mumbai
Dated: 1st August, 2012

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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 Friday, the 21st September, 2012 to Friday, the 28th September, 2012 (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.

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EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to Item Nos. 4 to 7 of the accompanying Notice of the Annual General Meeting to be held on 28th September, 2012.

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ITEM NO.4

The change in the name of the Company can be effected by a Special Resolution and will require the approval of the Central Government under Section 21 of the Companies Act, 1956.

In order to have operational flexibility it is considered expedient and desirable that the Board of Directors should have authority to decide when the Company should file the application to the Central Government for its approval for the change of name.

After the Central Government approves change in name, it will be necessary to substitute the name of the Company wherever it occurs in the Memorandum and Articles of Association and other documents of the Company.

Upon the change of name being approved by the Central Government, the Company proposes to send stickers bearing the new name to the shareholders holding share certificates in physical form, so that the same can be affixed on the existing share certificates. The stickers will also be affixed on the share certificates as and when they come into possession of the Company in order to effect the required change of name. The existing share certificates will continue to be accepted for all purposes as indicating entitlement to shares of the Company.

The letter of the Registrar of Companies confirming availability of the name and the Memorandum and Articles of Association of the Company will be available for inspection by the Members at the Registered Office of the Company on any working day between 11 a.m. and 1 p.m. prior to the date of the Annual General Meeting.

None of the Directors of the Company is interested in the passing of the Special Resolutions set out in Item Nos. 4 of the Notice convening the Meeting.

ITEM NO.5

Company proposes to carry out these activities which are expected to add into the profitability of the company. It is therefore required to clearly enshrine

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this activity in the object clause of the Memorandum of Association of the company.

Accordingly, to carry out these activities, the objects clause is required to be altered by inserting new sub clauses, as specified in the resolution, after the sub clause 3 in the main object clause III (A) of the Memorandum of Association of the company. Accordingly, the Board of Directors recommend the resolution for your approval & the special resolution should be passed u/s 17(1) & the same has to be registered with the registrar within 1 month of passing the aforesaid resolution u/s 18(1)(a) of the Companies Act, 1956.

None of the directors of your company are interested or concerned in the proposed resolution. The copy of Memorandum and Articles of Association of the company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on all working days till the date of Annual General Meeting.

ITEM NO. 6 AND 7 :

Presently, the Company has an Authorised Share Capital of Rs. 3,20,00,000/- (Rupees Three Crores Twenty Lacs only) divided into 30,00,000 (Thirty Lacs) Equity Shares of Re. 10/- (Rupee Ten only) each and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred Only) each. Issued, Subscribed and Paid up Share Capital of Rs. 2,28,15,000/- (Rupees Two Crores Twenty Eight Lacs Fifteen Thousand only) be subdivided into 22,81,500 (Twenty Two Lacs Eighty One Thousand Five Hundred Only) Equity Shares of the face value of Re. 10/- (Rupee Ten only) each. In order to improve the liquidity of the Company's shares and with a view of keeping in mind the Long Term Prospects and Development of the existing Business Activities of the Company in the future, it is proposed to increase the Authorised Share Capital of the Company from existing of Rs. 3,20,00,000/- (Rupees Three Crores Twenty Lacs only) divided into 30,00,000 (Thirty Lacs) Equity Shares of Re. 10/- (Rupee Ten only) each and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred Only) each to Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 98,00,000 (Ninty Eight Lacs) Equity Shares of Re. 10/- (Rupee Ten only) each and 20,000 Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred Only) each by creation of 68,00,000 (Sixty Eight Lacs) Equity Shares of Re. 10/- (Rupee Ten only) each.

Consequent to the Increase in the Authorised Share Capital of the Company as above, it is necessary to amend the Clause V of the Memorandum of Association of the Company and Article 3 of the Articles of Association of the Company.

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Your Directors recommend the above Resolutions for your approval. None of the other Directors of the Company is/are in any way concerned or interested in the Resolutions except to the extent of their Shareholdings.

By order of the Board

Place: Mumbai

Dated: 1st August, 2012

Sd/-

Manoj R. Patel

Managing Director

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DIRECTORS' REPORT

To,
The Members of
VAPI PAPER MILLS LIMITED,

Your Directors have pleasure in presenting the 38th Annual Report of the Company together with Audited statement of Accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS :

(Rupees in Lacs)

	2011-12 =====	2010-11 =====
Net Sales and Other Income	85.05	120.26
Gross Profit / (Loss)	39.12	15.20
Less: Depreciation	9.90	4.73
Profit / (Loss) before Tax	29.22	10.47
Less : Provision for Income Tax	8.84	-
Deferred Tax	-	-
Net Profit / (Loss) After Tax	20.38	10.47
Less: Extra Ordinary Items	-	430.38
Net Profit / (Loss) After Tax & Extra Ordinary Items	20.38	(419.91)
Add : Balance of Profit/(Loss) brought forward	(1242.91)	(823.00)
Surplus available for Appropriations:	(1222.53)	(1242.91)
a) Proposed Dividend	-	-
b) Tax on Dividend	-	-
Surplus / (Deficit) carried to Balance Sheet	(1213.53) =====	(1242.91) =====

2. DIVIDEND:

The Directors do not recommend any Dividend on Equity Shares for the year ended 31st March, 2012.

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3. OPERATIONS:

The Company has earned Net Revenue of Rs. 85.05 Lacs from Job work, Lease Income and other miscellaneous income during the year. The company has incurred Net Profit of Rs.29.38 Lacs during the year.

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 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 have been adequately insured.

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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 not required to be attached as the company did not carry out any manufacturing activities during the year.

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. The Directors place a vote of thanks for their long standing service to the Company over the years. You are requested to appoint new Auditors to hold office until the next Annual General Meeting and fix their remuneration at the Annual General Meeting.

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

Place : Mumbai
DATED : 8th June, 2012

sd/-
Manoj R. Patel
Managing Director

sd/-
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 2012, and also Statement of Profit and Loss 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 (The Order) 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. *The Company's accumulated losses as on March 31, 2012 were Rs 146,240 thousands as against paid up capital and reserves of Rs 90,209 thousands. Hence Company's net worth is negative. However the accounts are prepared on the basis that Company is a going concern. In our opinion the ability of the Company to continue as a going concern is dependent upon the surplus that may be generated out of present activity as well as promoters bringing in funds to finance losses as mentioned in note no. 23.*
5. *Subject to the foregoing and 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, statement of profit and loss 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:

- a) Accounting Standard (AS-15) on "Employee Benefits"; regarding non provisioning of employee benefits (Refer Note 26).
- b) Accounting Standard (AS-17) on "Accounting for Segment Reporting".
- c) Accounting Standard (AS-24) on "Discontinuing Operations" (Refer Note 35).
- d) Accounting Standard (AS-28) on "Impairment of Assets".

The effect of the above on assets and liabilities, as well as loss and reserves is not ascertainable.

(v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March 2012 from being appointed as a director in terms of Clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956.

- (vi)
- a) We are unable to form an opinion about the realisability or otherwise of long term loans and advances of Rs. 9,251 thousands as no payment is received since long time and the confirmation of balances have not been obtained from the parties.
 - b) We are unable to form an opinion about the realisability or otherwise of trade receivables of Rs. 6,053 thousands as no payment is received since long time and the confirmation of balances have not been obtained from the parties.
 - c) We are unable to form an opinion about the realisability or otherwise of long term trade advances to other suppliers of Rs. 4,750 thousands as no services are rendered or payment is received since long time and the confirmation of balances have not been obtained from the parties.
 - d) Balance of Rs. 1,000 thousands of Share Application Money is subject confirmation and adjustment, if any required upon such confirmations are not determinable.

- e) Balance of Rs. 4,964 thousands of long term trade payables is subject confirmation and adjustment, if any required upon such confirmations are not determinable.
- f) Balance of Rs. 1,190 thousands of Trade Deposits is subject confirmation and adjustment, if any required upon such confirmations are not determinable.
- (vii) The effect of the matters referred to para (vi) above on assets and liabilities, as well as loss and reserves could not be quantified.
- (viii) Subject to our remarks in Para 4, 5 (iv), (vi) and (vii) 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:
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2012
 - b) in the case of statement of Profit & Loss of the Profit for the year ended on that date; and
 - c) in case of cash flow statement, of the cash flows for the year ended on that date.

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

Place : Ahmedabad

Date : 29th June, 2012

Sd/-
(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) The fixed assets have not been physically verified by the management. In the absence of physical verification, we are not in a position to comment on the discrepancies, if any, between physical and book balances and the impact thereof.
- (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year.
- (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, reporting requirement under clause 4(iii) (a) to (d) of the Order 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. 84,254 thousands and the year-end balance of loans taken from such parties was Rs. 82,932 thousands.
- (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, transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to market prices prevailing at the relevant time or compared to prices at which purchases were made from other parties.
- (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, 2012, 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) The Company does not have formal internal audit system.

- (viii) *The company has not maintained cost records pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.*
- (ix) (a) *In our opinion and according to the information and explanation given to us, the company has been generally regular in undisputed statutory dues including Provident Fund, Sales Tax, Income Tax, Wealth Tax, Investor Education and Protection Fund, Custom duty, Excise duty, Professional tax and other statutory dues as may be applicable to the company except in case of Income Tax deducted at Source and Service Tax dues where there was delay.*
- (b) *According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax and custom duty were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.*
- (c) *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 more than fifty percent of its net worth and it has incurred cash loss both in the current year and in the immediately preceding financial year.*
- (xi) *In our opinion and according to the information and explanations given to us, the company has not raised loans from financial institution or bank neither issued debentures therefore the reporting requirement of clause 4(xi) of the Order is not applicable.*
- (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 reporting requirement under clause 4(xii) the Order is not applicable to the company.*
- (xiii) *In our opinion, the company is not a chit fund or a nidhy mutual benefit fund / society. Therefore the reporting requirement under clause 4(xiii) the Order is 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 reporting requirement under clause 4(xiv) the Order is 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*

reporting requirement under clause 4(xiv) the Order is not applicable to the company.

- (xvi) According to the information and explanations given to us, the company has not availed any term loans during the year.
- (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 no funds raised on short term basis have been used for long term investment.
- (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.

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

Place : Ahmedabad

Date : 29th June, 2012

Sd/-
(K. M. Patel)
Partner
Membership No. 45740

VAPI PAPER MILLS LIMITED

BALANCE SHEET AS AT MARCH 31, 2012

(Amt in Rs.)

No.	Particulars	Note	As At March 31, 2012	As At March 31, 2011
I	EQUITY AND LIABILITIES			
1	Shareholder's Funds			
	Share Capital	2	22,814,500	22,814,500
	Reserves and Surplus	3	(77,946,147)	(80,884,316)
			(55,131,647)	(58,069,816)
2	Non-Current Liabilities			
	Long-term borrowings	4	84,406,999	82,521,775
	Other long Term Liabilities	5	10,963,527	7,501,521
			95,370,526	90,023,296
3	Current Liabilities			
	Short-term Borrowing	6	1,000,000	-
	Trade Payables	7	77,878	1,341,752
	Other Current Liabilities	8	11,135,900	5,870,112
			12,213,778	7,211,864
	TOTAL		52,452,657	39,165,344
II	Assets			
1	Non-current assets			
	Fixed assets			
	Tangible assets	9	25,195,888	10,994,961
	Non-Current Investments	10	200,000	200,000
	Long term loans & advances	11	17,898,150	16,710,023
			43,294,038	27,904,984
2	Current assets			
	Inventories	12	50,012	217,327
	Trade receivables	13	6,053,359	7,615,865
	Cash and cash equivalents	14	107,104	1,069,742
	Short-term loans and advances	15	2,948,145	2,357,427
			9,158,619	11,260,361
	TOTAL		52,452,657	39,165,344

The notes are integral part of these financial statements.

As per our report of even date

For & on behalf of the board

For, Manubhai & Co.
Chartered Accountants
Registration No:106041W

Vapi Paper Mills Limited

Sd/-
(K.M.Patel)
Partner
Membership No. 45740

Sd/- Sd/-
Manoj R. Patel Rajeev R. Patel
Director Director

Place : Ahmedabad
Date: 9th June, 2012

Place: Mumbai
Date: 8th June, 2012

VAPI PAPER MILLS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2012

		(Amt in Rs.)		
NO.	PARTICULARS	NOTE	FOR THE YEAR ENDED ON MARCH 31, 2012	FOR THE YEAR ENDED ON MARCH 31, 2011
I	Revenue from operations	16	8,299,478	11,522,731
II	Other Income	17	205,114	503,132
III	Total Revenue (I +II)		8,504,592	12,025,863
IV	Expenses:			
	Employee benefit expense	18	785,614	763,179
	Financial costs	19	154,414	84,375
	Depreciation and amortization expense	9	990,284	472,342
	Other expenses	20	3,652,548	15,581,963
	Total Expenses		5,582,859	16,901,860
V	Profit before exceptional and extraordinary items and tax (III - IV)		2,921,733	(4,875,997)
VI	Exceptional Items		-	37,114,522
VII	Profit before tax (V - VI)		2,921,733	(41,990,518)
VIII	Tax expense: Current tax		(16,436)	-
IX	Profit/(Loss) for the period (VII - VIII)		2,938,169	(41,990,518)
X	Earning per equity share:	34		
	(1) Basic		1.29	(18.41)
	(2) Diluted		1.29	(18.41)

The notes are integral part of these financial statements.

As per our report of even date

For, Manubhai & Co.
Chartered Accountants
Registration No:106041W

Sd/-
(K.M.Patel)
Partner
Membership No. 45740

Place : Ahmedabad
Date: 9th June, 2012

For, and on behalf of the board

Vapi Paper Mills Limited

Sd/- *Sd/-*
Manoj R. Patel **Rajeev R. Patel**
Director **Director**

Place: Mumbai
Date:8th June, 2012

VAPI PAPER MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 2011-12

(Amt in Rs.)

PARTICULARS	2012-11	2010-11
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	2,921,733	(42,258,518)
Adjusted for:		
Prior Period Adjustments	-	268,000
Depreciation and Amortisation Expenses	990,284	472,342
Finance Costs	154,414	84,375
Dividend Income	(15,000)	(15,000)
Interest Income	(162,540)	(162,132)
	967,158	647,585
Operating Profit before Working Capital Changes	3,888,890	(41,610,933)
Adjusted for:		
Trade and Other Receivables	1,562,506	(6,605,324)
Inventories	167,315	1,152,808
Trade and Other Payables	(1,263,874)	(2,618,917)
Other Current Liability	5,265,788	(1,187,314)
Long Term Loans and Advances	(1,188,130)	1,670,409
Short term Loan and Advance	(590,718)	4,703,771
	7,841,777	(44,495,499)
Cash Generated from Operations	(16,436)	-
Taxes Paid	7,858,213	(44,495,499)
Net Cash from Operating Activities		
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(15,191,210)	(6,631,923)
Sale of Fixed Assets	-	53,171,642
Interest Income	162,540	162,132
Dividend Income	15,000	15,000
Net Cash (used in) Investing Activities	(15,013,670)	46,716,851
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term Borrowings	1,885,224	(3,234,596)
Short Term Borrowings(Net)	1,000,000	-
Other Long Term Liability	3,462,006	1,633,660
Repayment from Long-term Borrowings	-	-
Interest Paid	(154,414)	(84,375)
Net Cash (used in) / from Financing Activities	6,192,816	(1,685,311)
Net Increase in Cash and cash Equivalents (A + B + C)	(962,641)	536,041
Opening Balance of Cash and Cash Equivalents	1,069,745	533,704
Closing Balance of Cash and Cash Equivalents	107,104	1,069,745

The notes are integral part of these financial statements.

As per our report of even date

For & on behalf of the board

For, Manubhai & Co.
Chartered Accountants
Registration No:106041W

Vapi Paper Mills Limited

Sd/-
(K.M.Patel)
Partner
Membership No. 45740

Sd/-
Manoj R. Patel
Director

Sd/-
Rajeev R. Patel
Director

Place : Ahmedabad
Date: 9th June, 2012

Place: Mumbai
Date: 8th June, 2012

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

NOTE NO: 1
SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) Investments:

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

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

g) 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.

h) Foreign Currency Transactions :

Foreign Currency Transactions 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.

i) 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.

j) Employees Benefits:

The company accounts for leave encashment benefits, bonus and gratuity on declaration.

k) 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.

l) 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.

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

m) 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.

n) General:

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

o) Leases: As a Lessee

Leases on which significant portion of the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Operating leases payments are charged to the Statement Profit and Loss on a straight-line basis over the lease term.

Leases: As a Lessor

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognized as an expense in Statement of Profit and Loss in period in which they are incurred.

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

PARTICULARS	(Amt in Rs.)	
	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
2 Share Capital		
(a) Authorised Share capital		
30,00,000(Previous year 30,00,000) Equity Shares of Rs.10 each	30,000,000	30,000,000
20,000 (Previous year 20,000) 12 % Tax Free Redeemable Cumulative Preference Shares of Rs. 100/- each redeemable at par at any time	2,000,000	2,000,000
	32,000,000	32,000,000
(b) Issued, Subscribed & Paid up		
22,81,450 (Previous year 22,81,450)Equity shares of Rs.10 each fully paid	22,814,500	22,814,500
Total	22,814,500	22,814,500
(c) Reconciliation of the number of shares		
	Number of shares	Number of shares
Balance as at beginning of the year	2,281,450	2,281,450
Add: Shares issued during the year	Nil	Nil
Balance as at end of the year	2,281,450	2,281,450
(d) Rights of Shareholders, Dividend and Repayment of Capital:		
i) Holder of equity shares is entitled to one vote per share.		
ii) The company declares and pays dividend in indian rupees.The companies Act, 1956 provides that any dividend be declared out of accumulated distributed profits only after transfer to general reserve of a special percentage of net profit computed in accordance with current regulations.		
iii) In the event of liquidation of the company, holder of the shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts.The amount distributed will be in proportion to number of equity shares held by shareholders.		
(e) There are no Shareholdrs holding more than 5% of the aggregate shares in the company		
3 Reserves & Surplus		
(a) Securities Premium		
Balance as at beginning of the year	43,406,480	43,406,480
Less: Amount utilised on issue of fully paid bonus shares	-	-
Balance as at end of the year	43,406,480	43,406,480
(b) General Reserve		
Balance as at beginning of the year	23,987,567	23,987,567
Add: Transferred from Surplus in Statement of Profit and Loss during the year	-	-
Balance as at end of the year	23,987,567	23,987,567

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

PARTICULARS	(Amt in Rs.)	
	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
(c) Surplus in statement of Profit and Loss		
Balance as at beginning of the year	(148,278,363)	(106,287,845)
Add: Profit/(Loss) during the year	2,938,169	(41,990,518)
Balance as at end of the year	(145,340,194)	(148,278,363)
Total	(77,946,147)	(80,884,316)
4 Long Term Borrowings (Unsecured)		
Fixed Deposits		
From Others	1,475,000	1,475,000
From Related Parties	82,931,999	81,046,775
	84,406,999	82,521,775
5 Other Long term Liabilities		
Trade Payables	4,964,102	5,312,521
Rent deposit	5,999,425	2,189,000
	10,963,527	7,501,521
6 Short-term Borrowings (Unsecured)		
From Others	1,000,000	-
	1,000,000	-
7 Trade Payables		
For Micro Small and Medium Enterprises [Refer note. 25(b)]	-	-
Others	77,878	1,341,752
	77,878	1,341,752
8 Other Current Liabilities		
Trade Payables for Capital goods	4,454,369	1,235,188
Trade Deposits	1,190,000	1,190,000
Advance from customers	346,510	214,861
Rent Deposits	1,589,630	469,630
Statutory Dues	563,954	572,765
Interest accrued and due on deposits	330,622	364,135
Provision for Employee Benefits	1,942,704	1,643,741
Other Payables	718,111	179,792
	11,135,900	5,870,112
10 Non Current Investments		
Investment in Trust securities (Long Term at cost)		
<i>Quoted</i>		
Unit trust of india		
10,000 (Previous year 10,000) Units of Rs. 10 each fully paid up	100,000	100,000
Investment in Shares (Long Term at cost)		
<i>UnQuoted</i>		
The Zoroasterian Co-op Bank Ltd.		
4,0 00 (Previous year 4,000) Equity Shares of Rs 25 each fully paid up	100,000	100,000
	200,000	200,000
Market value of quoted investment	120,000	120,000

VAPI PAPER MILLS LIMITED

Note: 9 FIXED ASSETS

(Amt in Rs.)

Description of Assets	Dep Rate Co Act	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As at April 1, 2011	Additions During the year	Deductions During the year	As at March 31, 2012	As at April 1, 2011	For the Year	Deductions During the year	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
TANGIBLE ASSETS											
1 Leasehold Land	0	379,998	-	-	379,998	-	-	-	-	379,998	379,998
2 Factory Building	10	10,881,097	-	-	10,881,097	8,656,934	222,416	-	8,879,350	2,001,747	2,224,164
3 Office & Godown	5	8,672,804	15,191,210	-	23,864,014	718,027	633,192	-	1,351,219	22,512,795	7,954,777
4 Plant & Machinery	5.28	4,298,727	-	-	4,298,727	4,079,242	84,058	-	4,163,301	135,426	219,484
6 Fur. & Fixtures	18.1	766,164	-	-	766,164	733,973	5,749	-	739,722	26,442	32,191
7 Office Equipments	13.91/40	2,132,495	-	-	2,132,495	2,017,174	26,997	-	2,044,171	88,325	115,321
8 Vehicles	25.89	505,920	-	-	505,920	436,894	17,871	-	454,765	51,155	69,026
GRAND TOTAL		27,637,206	15,191,210	-	42,828,416	16,642,244	990,284	-	17,632,528	25,195,888	10,994,962
PREVIOUS YEAR		113,909,893	6,631,923	92,904,610	27,637,206	55,902,870	472,342	39,732,968	16,642,244	10,994,961	-

Notes:

- 1 Plant and machinery includes Electrical Installation, Fire Extinguisher, Laboratory & Testing Equipments.
- 2 Furniture and fixtures includes water cooler.
- 3 Office equipments includes computers.

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

PARTICULARS	(Amt in Rs.)	
	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
11 Long term Loans & advances		
<i>(Unsecured, Considered Good)</i>		
Loans and advances	9,250,910	9,250,910
Advance to Capital Suppliers	849,249	33,333
Advances to Others Suppliers	4,750,513	4,608,335
Share Application Money	1,000,000	1,000,000
Security Deposits	2,047,479	1,817,445
	17,898,150	16,710,023
12 Inventories		
Stores Spare parts	50,012	152,116
Traded goods	-	65,211
	50,012	217,327
13 Trade receivables		
<i>(Unsecured considered good)</i>		
Outstanding for a period exceeding six months from the date they are due for payment	5,007,525	6,360,460
Others	1,045,834	1,255,405
	6,053,359	7,615,865
14 Cash and Cash Equivalents		
Balance with banks	76,262	293,178
Cash on hand	30,841	776,567
	107,103	1,069,745
15 Short Term Loans & Advances		
Balance with statutory authority	1,091,275	1,043,261
Advance tax and Tds (Net off Income Tax Provisions)	1,184,961	582,921
Prepaid expense	306	22,927
Loan to staff	274,250	283,750
Advances to suppliers	397,353	424,568
Related parties	-	-
	2,948,145	2,357,427

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

(Amt in Rs.)

PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
16 Revenue from operations		
Sales- Engineering Division		
Sales	-	9,265,200
Less: Excise Duty	-	865,200
Net Sales	-	8,400,000
Other operating revenue		
Job work Charges	1,534,682	900,731
Rent	6,764,796	2,222,000
	8,299,478	11,522,731
17 Other Income		
Interest Income & Finance charges	162,540	162,132
Professional Fees	-	326,000
Excess Provision Written off for expenses	27,574	-
Dividend Income	15,000	15,000
	205,114	503,132
18 Employee benefit expense		
Salary, allowances and bonus	716,365	694,044
P.F. and Others Employer Contribution	31,572	30,995
Staff Welfare Expenses	37,677	38,140
	785,614	763,179
19 Financial Cost		
Interest on Deposits	154,414	84,375
	154,414	84,375
20 Other Expenses		
Auditor Remuneration		
Statutory audit fees	39,326	38,605
Tax audit fees	14,045	13,787
Other services	14,045	13,787
Out of Pocket expenses	515	-
Stores & Spares Consumed	167,315	4,532,622
Freight Charges	5,045	211,247
Telephone Expense	229,829	227,194
Electricity Expenses	1,044,583	557,808
Legal & Consultancy Expense	341,067	311,778
Security Expenses	304,260	220,754
Water Charges	214,006	238,104
Office Expense	146,892	189,346
Vehicle Expenses	204,957	183,902
Bad & Doubtful Debts	-	514,374
Rates & Taxes & Fees	58,574	929,096
Commission on Sales	182,250	855,000
Travelling Expenses	107,920	86,512
Repairs and Maintenance	153,884	248,621
Prior Period Expenses	-	268,170
Sundry Balance W/Off	197,447	5,655,129
Miscellaneous Expenses	226,587	286,127
	3,652,548	15,581,963

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

- 21. Contingent Liabilities** Rs. Nil (Previous Year Rs. Nil)
- 22. Capital Commitment:**
Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. Nil (Previous Year Rs. Nil)
- 23.** The company has discontinued manufacturing of paper and paper board and has continued the activity of assembling of pollution control equipments. The company has also carried out trading activity and leasing assets on rent. The Company's net worth is negative as on March 31, 2012. The management is hopeful of making the net worth positive from out of the surplus that may be generated from present activities and also by bringing required funds to finance losses. Now having regard to these the accounts are prepared on going concern.
- 24.** In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business, provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 25. a)** Balance of Trade Payables, Trade Deposits, Advance from Customers, Trade Receivables, Non Current and Current Loans & Advances are subject to confirmation by the parties.
- b)** There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- 26.** 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.
- 27.** Disclosure for operating leases under Accounting Standard 19 – "Leases"
- (i) The company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 3 years which includes cancellable leases. Most of leases are renewable for further period on mutually agreeable terms and also include escalation clauses.
- (ii) Lease income are recognized to Profit and Loss Account under "Rent received" for Rs. 67,64,796/- (P.Y. Rs.22,22,000/-). Operating Lease payments are recognised in Statement of Profit and Loss for Rs. 30,000/- (P.Y. Rs.30,000/-).
- 28.** Expenditure in foreign currency during the year on account of Travelling expenses Rs. 33,809 (Previous Year Rs. NIL)

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

29. CIF Value of Imports of Raw Materials for Paper Division Rs. NIL Lacs and Import of Felt, Wire Cloth , Stores Rs. NIL Lacs (Previous Year Rs. NIL Lacs)
30. Remittance in Foreign Currency on account of Dividend Rs. NIL (Previous Year Rs. NIL)
31. Earnings in foreign exchange on account of Exports Rs. NIL (Previous Year Rs. NIL)
32. Related party disclosures:

I. LIST OF RELATED PARTIES:

A) Key Management Personnel:

- a) Shri Manoj R. Patel : Managing Director
- b) Shri Rajeev R. Patel : Whole time 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:

Sr. No.	Particulars	Key Management Personnel		Associate Companies	
		2011-12	2010-11	2011-12	2010-11
A.	Transaction during the year				
I	Remuneration	3,00,000	3,00,000	NIL	NIL
ii	Loan Taken	40,63,090	1,50,28,436	NIL	NIL
iii	Loan repaid	21,77,866	1,78,44,032	NIL	NIL
iv	Interest	NIL	NIL	NIL	NIL
B	Outstanding balance as at 31.03.2012				
I	Loan	7,82,40,311	7,63,55,087	46,91,688	46,91,688
ii	Remuneration	18,42,340	15,44,400	NIL	NIL

33. 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"

34. Earnings per Share

Particulars	2011-12	2010-11
Profit / (Loss) in Rupees	29,38,169	(419,90,518)
Weighted average number of equity shares outstanding	22,81,450	22,81,450
Basic and diluted Profit / (Loss) per share in Rupees	1.29	(18.41)

VAPI PAPER MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

35. Company has closed down engineering division during the year 2011-12. However, the required information as per Accounting Standard – 24 have not been disclosed.
36. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous figures have been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

The notes are integral part of these financial statements.

As per our Audit Report of even date attached

For VAPI PAPER MILLS LIMITED

For Manubhai & Co.,
Chartered Accountants
Registration No: 106041W

Sd/-

K.M. Patel
Partner
Membership No. 45740

Ahmedabad
Date: 9th June, 2012

Sd/-

Manoj R. Patel
Director

Sd/-

Rajeev R. Patel
Director

Mumbai
Date: 8th June, 2012

VPM

VAPI PAPER MILLS LTD.

213 UDYOG MANDIR, PITAMBER LANE, MAHIM (WEST), MUMBAI 400016
TEL: 98200 68363 / 022-24449753 E-MAIL : vapipaper@gmail.com

PROXY FORM

DP ID.	
CLIENT ID	

FOLIO NO.	
NO. OF SHARES	

I / We

_____ of _____

Being a Member / Members of _____ Limited hereby appoint
Mr. / Ms. _____

as my / our Proxy to attend and vote for me / us and on my / our behalf at
the ANNUAL GENERAL MEETING of the Company to be held on _____,
the _____ and at any adjournment(s) thereof.

Signed this _____ day of _____ 2012

Affix
Re. I/-
Revenue
Stamp

Signature(s)

Proxy form must reach company's registered office not later than 48
hours before the commencement of the meeting

FOR OFFICE USE ONLY

DATE OF RECEIPT

VPM

VAPI PAPER MILLS LTD.

213 UDYOG MANDIR, PITAMBER LANE, MAHIM (WEST), MUMBAI 400016

TEL: 98200 68363 / 022-24449753 E-MAIL : vapipaper@gmail.com

ATTENDANCE SLIP

DP ID.	
CLIENT ID	

FOLIO NO.	
NO. OF SHARES	

Name & Address of Shareholder / Proxy holder

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on Friday, the 28th September, 2012 at the Registered Office of the Company at 213 Udhog Mandir No.1, 7/C Pitamber Lane, Mahim-West, Mumbai -400016.

**Member's / Proxy's
Signature**

(Shareholder attending the meeting in person or by proxy is requested to complete the attendance slip and handover at the entrance of the Meeting Hall)
