

**VAPI PAPER MILLS LIMITED**

**39 TH ANNUAL REPORT**

**F.Y. 2012-2013**



## VAPI PAPER MILLS LTD.

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

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**DIRECTORS** : **Shri Manoj R. Patel - Managing Director**  
**Shri Rajeev R. Patel - Wholetime Director**  
**Smt. Laxmiben J. Patel - Director**

**COMPANY SECRETARY** **Shri Prakash V. Kotak**

**AUDITORS** **Messrs, Chirag N Shah & Associates**  
**Chartered Accountants**  
**Mumbai**

**REGISTERED OFFICE** **213, Udhyog Mandir No.1,2<sup>nd</sup> 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** **M/s BIGSHARE SERVICES PVT. LTD.**  
**TRANSFER AGENTS** **E-2/3, Ansa Industrial Estate,**  
**Saki Vihar Road, Andheri (E)**  
**Mumbai- 400 072**

**NOTICE**

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**NOTICE is hereby given that the 39<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 Friday, the 27<sup>th</sup> September, 2013 at 3:00 P. M. to transact the following business : -**

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**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, 2013.
2. To appoint a Director in place of Shri. Rajeev R. Patel who retire from office by rotation, and being eligible , offers herself for re-appointment.
3. To reappoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**AS SPECIAL BUSINESS:****4. 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** in Supersession of Resolution No. 4 passed at the Annual General Meeting of the Company held on 28<sup>th</sup> September, 2012, Section 21 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government, the name of the Company be changed from 'Vapi Paper Mills Limited' to 'Vapi Enterprise Limited'."

**"RESOLVED FURTHER THAT** pursuant to Sections 16, 31 and other applicable provisions, if any, of the Companies Act, 1956, the name 'Vapi Paper Mills Limited' wherever it appears in the Memorandum of Association and Articles of Association of the Company be substituted with the new name 'Vapi Enterprise Limited'."

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

Alteration in the Objects Clause of the Memorandum of Association of the Company 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 sub clauses as new sub clause immediately after the sub clause 6. The following resolution is taken up by the Shareholders 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.

6. To carry on the business of building, construction and civil Engineering Works of all types.

7. To carry on the business of Mechanical, Electrical, Technical, Commercial or General Engineering, Steel Fabricator, Erection and Welding, Interior Decoration & Furnishing, Electricity and Energy Generation.
8. 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.
9. 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, aqua ducts, Water course, Dykes, Drains, Wharves, Dye works, Furnaces, Crushing Works, Hydraulic Works, Workshops, Factories, Warehouses, Sheds, Dwellings, Offices, Shops, Stores, Buildings and other works and conveniences.
10. 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.
11. 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, aqua ducts, 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.
12. 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.
13. To undertake construction of infrastructure projects related to Roads Highways, Bridges, Airports, Hydro/ Thermal energy in the form of heat steam and 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.”

**By order of the Board**

Place: Mumbai  
Dated: 15<sup>th</sup> July, 2013

SD/-  
Manoj R. Patel  
Managing Director

**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 5 of the accompanying Notice of the Annual General Meeting to be held on 27<sup>th</sup> September, 2013.

**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 this activity which is expected to add into the profitability of the company. It is therefore required to clearly enshrine 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 recommends the resolution for your approval.

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.

**By order of the Board**

**Place: Mumbai  
Dated: 15<sup>th</sup> July, 2013**

**SD/-  
Manoj R. Patel  
Managing Director**

#### **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 & Share Transfer Books of the Company will remain closed from September 20, 2013 to September 27, 2013 (both days inclusive) for the purpose of 39th Annual General Meeting (AGM) of the Company to be held on September 27, 2013.
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.

**ATTENDANCE SLIP**

DP ID.	
CLIENT ID	

FOLIO NO.	
NO. OF SHARES	

Name & Address of Shareholder / Proxy holder

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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 27<sup>th</sup> September, 2013 at the Registered Office of the Company at 213 Udyog 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)

**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 \_\_\_\_\_ 2013

Affix  
 Re.1/-  
 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

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 39<sup>th</sup> Annual Report of the Company together with Audited statement of Accounts for the year ended 31<sup>st</sup> March, 2013.

**1. FINANCIAL RESULTS :**

	(Rupees in Lacs)	
	2012-13	2011-12
	=====	=====
Net Sales and Other Income	95.51	85.05
Gross Profit / (Loss)	(132.59)	39.12
Less: Depreciation	14.89	9.90
Profit / (Loss) before Tax	(147.48)	29.22
Less : Provision for      Income Tax	-	(0.16)
Deferred Tax	-	-
Net Profit / (Loss) After Tax	(147.48)	29.38
Less: Extra Ordinary Items	(20.34)	-
Net Profit / (Loss) After Tax & Extra Ordinary Items	(167.82)	29.38
 Add : Balance of Profit/(Loss) brought forward	 (1453.40)	 (1482.78)
 Surplus available for Appropriations:	 (1621.22)	 (1453.40)
  Surplus / (Deficit) carried to Balance Sheet	  (1621.22)	  (1453.40)
	=====	=====

**2. DIVIDEND:**

The Directors do not recommend any Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2013

**3. OPERATIONS:**

The Company has earned Net Revenue of Rs. 95.51 lacs during the year. The company has incurred Net Loss of Rs. 167.82 lacs during the year. The category of other expenses for FY 2012-2013 include a onetime expense on account of write offs against bad debts, loans and advances and other balances, related to the discontinued manufacturing and financing activities of the company to the amount of Rs. 187.02 lacs. The operating profit for the year excluding these write offs mentioned above is Rs. 19.20 lacs. The cash profit from operations pertaining to current year excluding these write offs mentioned above is Rs. 34.09 lacs.

The company and the management continue to look for opportunities to enter new businesses at the opportune time of the business cycle. Currently, the economy is in a stressed environment, and as per the conservative policy of the company, the management will take value enhancing decisions at the appropriate time.

**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. Rajeev R. 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 buildings and other assets have been adequately insured considering the age, condition and useful life.

**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 Chirag N. Shah and Associates, 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.

**For and on behalf of the Board**

**Place : Mumbai**  
**Dated : 15<sup>th</sup> July, 2013**

**SD/-**  
**Manoj R. Patel**  
**(Managing Director)**

**SD/-**  
**Rajeev R. Patel**  
**(Director)**



**Independent Auditors' Report****To The Members of Vapi Paper Mills Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Vapi Paper Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

***Basis for Qualified Opinion***

*i. In our opinion, the following accounting standards are not complied by the company:*

- 1. Accounting Standard (AS-15) on "Employee Benefits"; regarding non provisioning of employee benefits*
- 2. Accounting Standard (AS-24) on "Discontinuing Operations"*
- 3. 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.*

*ii. We are unable to form an opinion about the realisability or otherwise of long term advances to other suppliers of Rs. 1,82,659/- as no services are rendered or amount is not received back since a period of more than five years and the confirmation of balances have not been obtained from the parties.*

- a) Balance of Rs. 32,91,266/- of long term trade payables is subject to confirmation and adjustment, if any, required upon such confirmations are not determinable.
- b) Balance of Rs. 11,25,000/- of Trade Deposits is subject to confirmation and adjustment, if any required upon such confirmations are not determinable.

*The effects of the matters referred to para above on assets and liabilities, as well as loss and reserves could not be ascertainable.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *(subject to the possible effects of the matter described in the Basis for Qualified Opinion paragraph)*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- 2) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matter:**

We draw attention that the Company's accumulated losses as on March 31, 2013 were Rs 1,67,81,820/- as against paid up capital and reserves of Rs 9,02,08,547/- 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.

Our opinion on this matter is not qualified.

### **Report on Other Legal and Regulatory Requirements**

- 1) 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in subsection (3C) of section 211 of the Act *subject to those mentioned under "basis for qualified report"*.

- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For Chirag N Shah & Associates**  
**Chartered Accountants**  
**Firm Registration No. 118215W**

**SD/-**

**Hetal C. Shah**  
**Partner (M No.- 111610)**

**PLACE : MUMBAI**  
**DATE : 15<sup>th</sup> July, 2013**

**ANNEXURE TO AUDITORS' REPORT**

**[Referred to in paragraph 1 of our report on Other Legal and Regulatory]**

- (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 of spare and stores has been physically verified at regular intervals during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories of spare and stores 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 of spare and stores. 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 has 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. 9,09,90,351/- and the year-end balance of loans taken from such parties was Rs. 8,18,32,967/-
- (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, 2013, 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 depositing undisputed statutory dues including Provident Fund, Sales Tax, Income Tax, Wealth Tax, Investor Education and Protection Fund, Custom duty, Excise duty, and other statutory dues as may be applicable to the company except in case of Professional tax . Income Tax deducted at Source and Service Tax dues there was delay in payment. The companies contribution towards profession tax is not provided for and the staff profession tax of Rs.77,115/- is outstanding for a period more than six months from the date they become 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 company has been registered for a period more than five years, 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 nidhi 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 Chirag N Shah & Associates**  
**Chartered Accountants**  
**Firm Reg. No. : 118215W**

**SD/-**  
**Hetal Shah**  
**Partner (Membership No. 111610)**

**Place : Mumbai**  
**Date : 15<sup>th</sup> July 2013**

**VAPI PAPER MILLS LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2013**

(Amt in Rs.)

NO.	PARTICULARS	NOTE	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholder's Funds</b>			
	Share Capital	2	22,814,500	22,814,500
	Reserves and Surplus	3	(94,727,969)	(77,946,148)
			<b>(71,913,469)</b>	<b>(55,131,648)</b>
<b>2</b>	<b>Non-Current Liabilities</b>			
	Long-Term Borrowings	4	83,307,967	84,406,999
	Other Long Term Liabilities	5	15,122,825	10,963,527
			<b>98,430,792</b>	<b>95,370,526</b>
<b>3</b>	<b>Current Liabilities</b>			
	Short-Term Borrowing	6	295,006	1,000,000
	Trade Payables	7	1,577,566	77,878
	Other Current Liabilities	8	3,175,965	9,193,196
	Short Term Provisions	9	2,465,722	1,942,704
			<b>7,514,259</b>	<b>12,213,778</b>
	<b>TOTAL</b>		<b>34,031,581</b>	<b>52,452,656</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	Fixed Assets			
	Tangible Assets	10	26,684,901	25,195,888
	Non-Current Investments	11	200,000	200,000
	Long Term Loans and Advances	12	1,069,691	17,898,150
			<b>27,954,592</b>	<b>43,294,038</b>
<b>2</b>	<b>Current Assets</b>			
	Inventories	13	10,226	50,012
	Trade receivables	14	1,459,647	6,053,359
	Cash and Bank Balances	15	313,599	107,103
	Short-Term Loans and Advances	16	4,293,517	2,948,145
			<b>6,076,989</b>	<b>9,158,618</b>
	<b>TOTAL</b>		<b>34,031,581</b>	<b>52,452,656</b>
	Significant Accounting Policies and Notes form an integral part of the financial statement.	1-38		

As per our report of even date attached

For and on behalf of the board

**For Chirag N Shah & Associates**  
**Chartered Accountants**  
FRN No: 118215W

**For Vapi Paper Mills Limited**

SD/-  
**Hetal Shah**  
**Partner**  
Place: Mumbai  
Date: 15th July, 2013

SD/-  
**Manoj R. Patel**  
Director  
Place: Mumbai  
Date: 15th July, 2013

SD/-  
**Rajeev R. Patel**  
Director

## VAPI PAPER MILLS LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2013

(Amt in Rs.)

NO.	PARTICULARS	NOTE	FOR THE YEAR ENDED ON MARCH 31, 2013	FOR THE YEAR ENDED ON MARCH 31, 2012
I	Revenue from Operations	17	-	1,534,682
II	Other Income	18	9,551,172	6,969,910
III	<b>Total Revenue (I + II)</b>		<b>9,551,172</b>	<b>8,504,592</b>
IV	Expenses:			
	Employee Benefit Expenses	19	853,440	785,614
	Financial Costs	20	472,001	154,414
	Depreciation and Amortization Expense	10	1,489,367	990,284
	Other Expenses	21	21,484,576	3,652,548
	<b>Total Expenses</b>		<b>24,299,384</b>	<b>5,582,859</b>
V	<b>Profit (Loss) before exceptional and extraordinary items and tax (III - IV)</b>		<b>(14,748,212)</b>	<b>2,921,733</b>
VI	Exceptional Items	22	2,033,609	-
VII	<b>Profit/(Loss) Before Tax (V - VI)</b>		<b>(16,781,821)</b>	<b>2,921,733</b>
VIII	Tax Expense: Current Tax		-	(16,436)
IX	<b>Profit/(Loss) for the period (VII - VIII)</b>		<b>(16,781,821)</b>	<b>2,938,169</b>
X	Earning per Equity Share:			
	(1) Basic		(7.36)	1.29
	(2) Diluted		(7.36)	1.29
	Significant Accounting Policies and Notes form an integral part of the financial statement.	1-38		
As per our report of even date			For, and on behalf of the board	
<b>For Chirag N Shah &amp; Associates</b> Chartered Accountants FRN No: 118215W			<b>For Vapi Paper Mills Limited</b>	
SD/- <b>Hetal Shah</b> Partner Membership No. 111610			SD/- <b>Manoj R. Patel</b> Director	
SD/- <b>Rajeev R. Patel</b> Director				
Place: Mumbai Date: 15th July, 2013			Place: Mumbai Date: 15th July, 2013	

## VAPI PAPER MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH,2013

(Amt in Rs.)

	PARTICULARS	2012-13	2011-12
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit before tax as per Profit and Loss Account</b>	(16,781,821)	2,921,733
	Adjusted for:		
	Prior period Adjustments		
	Depreciation and Amortisation Expenses	1,489,367	990,284
	Finance Costs	472,001	154,414
	Dividend Income	(15,000)	(15,000)
	Interest Income	(82,716)	(162,540)
	<b>Operating Profit before Working Capital Changes</b>	<b>1,863,652</b>	<b>967,158</b>
	<b>Adjusted for:</b>	<b>(14,918,170)</b>	<b>3,888,890</b>
	Trade and Other Receivables	4,593,711	1,562,506
	Inventories	39,786	167,315
	Trade and Other Payables	1,499,688	(1,263,874)
	Other current liability	(5,494,213)	5,265,788
	Long Term Loans and advances	16,828,459	(1,188,130)
	Short term loan and advance	(1,345,372)	(590,718)
	<b>Cash Generated from Operations</b>	<b>1,203,890</b>	<b>7,841,778</b>
	Taxes Paid	-	(16,436)
	<b>Net Cash from Operating Activities</b>	<b>1,203,890</b>	<b>7,858,214</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(3,058,895)	(15,191,210)
	Sale of Fixed Assets	80,515	-
	Interest Income	82,716	162,540
	Dividend Income	15,000	15,000
	<b>Net Cash (used in ) Investing Activities</b>	<b>(2,880,664)</b>	<b>(15,013,670)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Long-term Borrowings	-	1,885,224
	Short Term Borrowings(Net)	(704,994)	1,000,000
	Other long term liability	4,159,298	3,462,006
	Repayment from Long-term Borrowings	(1,099,032)	-
	Interest Paid	(472,001)	(154,414)
	<b>Net Cash (used in ) / from Financing Activities</b>	<b>1,883,271</b>	<b>6,192,816</b>
	<b>Net Increase in Cash and cash Equivalents ( A + B + C )</b>	<b>206,493</b>	<b>(962,641)</b>
	Opening Balance of Cash and Cash Equivalents	107,103	1,069,744
	<b>Closing Balance of Cash and Cash Equivalents</b>	<b>313,599</b>	<b>107,103</b>

The notes are integral part of these financial statements.

As per our report of even date

For and on behalf of the board

**For Chirag N Shah & Associates**  
**Chartered Accountants**  
FRN No: 118215W

**Vapi Paper Mills Limited**

SD/-  
**Partner**  
Membership No. 111610

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

Place: Mumbai  
Date: 15th July, 2013

Place: Mumbai  
Date: 15th July, 2013



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**SIGNIFICANT ACCOUNTING POLICIES**

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**NOTE NO: 1****SIGNIFICANT ACCOUNTING POLICIES****A. Historical Cost Basis:**

The financial statements have been prepared and presented under the historical cost (except for free hold land) convention on accrual basis of accounting in accordance with the accounting principles generally accepted in India and in compliance with provisions of the Companies Act, 1956 and comply with the mandatory Accounting Standards (AS) specified in the Companies (Accounting Standard) Rules, 2006, prescribed by the Central Government. The accounting policies have been consistently applied by the company.

**B. Use of Estimates :**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognized in the year/s in which the results are known / materialized.

**C. Revenue Recognition :**

- a) Revenue from services is recognized as and when services are rendered as per terms of contract.
- b) Dividend income is recognized based on establishment of the right to receive such income.

**D. Fixed Assets:**

- a) Fixed Assets are stated at cost and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any.
- b) 'Cost' for the purpose of valuing fixed assets and capital work in progress comprises of its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**E. Depreciation/Amortization :**

- a) 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.
- b) Depreciation on additions/sale of assets during the year has been provided on pro-rata basis.

**F. Impairment of 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.

**G. Investments:**

Long term investments are valued at cost less provision for diminution in value, other than temporary, if any.

**H. Inventories :**

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

**I. Foreign Currency Transactions:**

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**SIGNIFICANT ACCOUNTING POLICIES**

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Foreign Currency Transactions are recorded on the basis of the exchange rate prevailing on the date of transaction.

- a) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- b) Monetary items which are denominated in foreign currency are translated at the exchange rates prevailing at the Balance Sheet date. Profit/ loss on translation thereon is credited or charged to the Profit and Loss Account.

**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. Taxation :**

- a) Tax expense comprise of current and deferred taxes.
- b) Current income 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.
- d) Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case law to re-assess realization/ liabilities.

**M. Provisions, Contingent Liabilities and Contingent Assets:**

- a) A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote. Contingent liabilities are not recognized but are disclosed in the notes.
- b) Contingent Assets are neither recognized nor disclosed in the financial statements.
- c) 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 contingent asset and contingent liabilities are reviewed at each balance sheet date.

**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, 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 Lesser**

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**

	( AMT IN RS.)	
PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
<b>2 Share Capital</b>		
<b>(a) Authorised Share Capital</b>		
30,00,000 Equity Shares of Rs.10 each (Previous year 30,00,000 shares of Rs.10 each)	30,000,000	30,000,000
20,000 12 % Tax Free Redeemable Cumulative Preference Shares of Rs. 100/- each redeemable at par at any time (Previous year 20,000 shares of Rs.100 each)	2,000,000	2,000,000
	<b>32,000,000</b>	<b>32,000,000</b>
<b>(b) Issued, Subscribed &amp; Paid up</b>		
22,81,450 Equity shares of Rs.10 each fully paid up (Previous year 22,81,450 shares of Rs.10 each)	22,814,500	22,814,500
<b>Total</b>	<b>22,814,500</b>	<b>22,814,500</b>
<b>(c) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:</b>		
	<b>Number of shares</b>	<b>Number of shares</b>
Number of shares outstanding at the beginning of the year	2,281,450	2,281,450
Add: Changes during the year	Nil	Nil
Number of shares outstanding at the end of the year	<b>2,281,450</b>	<b>2,281,450</b>
<b>(d) The Rights, Preferences, Restriction including restriction on the distribution of dividend and repayments of capital:</b>		
i) The Company is having only one class of equity shares referred to as equity shares having a par value of Rs.10. Each holder of equity shares is entitled to one vote per share held.		
ii) Dividends, if any, is declared and paid in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. However, in view of the losses, no dividend is / was declared on the equity shares for the year ended March 31, 2013.		
iii) In the event of liquidation of the Company, the equity share holder will be entitled to receive remaining assets of the Company after the distribution / repayments of all creditors. The distribution to the share holder will be in proportion of the number of shares held by each share holder.		
iv) 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.		
<b>(e) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:</b>		
There are no shareholders holding more than 5% of the aggregate shares in the company		
<b>3 Reserves &amp; Surplus</b>		
<b>(a) Securities Premium</b>		
Balance as at beginning of the year	43,406,480	43,406,480
Balance as at end of the year	<b>43,406,480</b>	<b>43,406,480</b>
<b>(b) General Reserve</b>		
Balance as at beginning of the year	23,987,567	23,987,567
Balance as at end of the year	<b>23,987,567</b>	<b>23,987,567</b>
<b>(c) Surplus in statement of Profit and Loss</b>		
Balance as at beginning of the year	(145,340,195)	(148,278,364)
Add: Profit/( Loss) during the year	(16,781,821)	2,938,169
Balance as at end of the year	<b>(162,122,016)</b>	<b>(145,340,195)</b>
<b>Total</b>	<b>(94,727,969)</b>	<b>(77,946,148)</b>

**VAPI PAPER MILLS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

( AMT IN RS.)		
PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
<b>4 Long Term Borrowings (Unsecured)</b>		
Fixed Deposits		
From Others	1,475,000	1,475,000
From Related Parties	81,832,967	82,931,999
	<u>83,307,967</u>	<u>84,406,999</u>
<b>4 (a) Disclosure regarding defaults in repayment of deposits:</b>		
The principle as well as the interest on deposits accepted are payable on demand.		
During the year Rs. 21,20,000/- has been repaid to one related party.		
<b>5 Other Long Term Liabilities</b>		
Trade Payables	3,291,266	4,964,102
Security deposit ( Unsecured)	8,078,170	5,999,425
Advance from customers	128,389	-
Trade Deposits	3,625,000	-
	<u>15,122,825</u>	<u>10,963,527</u>
<b>6 Short-Term Borrowings (Unsecured)</b>		
<b>Unsecured Loan</b>		
From Banks	295,006	-
From Others	-	1,000,000
	<u>295,006</u>	<u>1,000,000</u>
<b>7 Trade Payables</b>		
Amount payable to related parties	-	-
Others	1,577,566	77,878
	<u>1,577,566</u>	<u>77,878</u>
"Others" includes dues to small and medium enterprises, [Refer note. 27(b) ]		
<b>8 Other Current Liabilities</b>		
Trade Payables for Capital goods	1,508,115	4,454,369
Advance from Customers	122,031	346,510
Security Deposit ( Unsecured)	650,000	1,589,630
Statutory Dues	449,817	563,954
Interest Accrued and Due on Deposits	328,109	330,622
Other Payables	117,893	718,111
Trade Deposits	-	1,190,000
	<u>3,175,965</u>	<u>9,193,196</u>
<b>9 Short Term Provisions</b>		
Provision for Employee Benefits	2,465,722	1,942,704
	<u>2,465,722</u>	<u>1,942,704</u>
<b>11 Non Current Investments</b>		
<b>Non trade</b>		
<b>Investment in Trust Securities (Long Term at cost)</b>		
Quoted		
Unit Trust of India		
10,000 Units of Rs. 10 each fully paid up	100,000	100,000
(Previous year 10,000 units of Rs. 10 each fully paid up)		
<b>Investment in Shares (Long Term at Cost)</b>		
UnQuoted		
The Zoroasterian Co-op Bank Ltd.		
4,000 Equity Shares of Rs 25 each fully paid up	100,000	100,000
(Previous year 4,000 Equity Shares of Rs 25 each fully paid up)		
	<u>200,000</u>	<u>200,000</u>
<b>Aggregate Values</b>		
1 Book Value of quoted investments	100,000	100,000
2 Market Value of quoted investments	252,200	120,000
3 Book Value of unquoted investments	100,000	100,000

## VAPI PAPER MILLS LIMITED

## Note No : 10 : FIXED ASSETS

(AMT IN RS.)

Sr No.	Description of Assets	Dep Rate Co. Act	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As at April 1, 2012	Additions During the year	Deductions During the year	As at March 31, 2013	As at April 1, 2012	For the Year	Deductions During the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
	<b>TANGIBLE ASSETS</b>											
1	Leasehold Land	0	379,998	-	-	379,998	-	-	-	-	379,998	379,998
2	Factory Building	10	10,881,097	-	-	10,881,097	8,879,350	200,175	-	9,079,525	1,801,572	2,001,747
3	Office & Godown	5	23,864,014	3,058,895	-	26,922,909	1,351,219	1,182,664	-	2,533,883	24,389,026	22,512,795
4	Plant & Machinery	5.28	4,298,727	-	82,868	4,215,859	4,163,301	82,949	78,220	4,168,030	47,829	135,426
6	Fur. & Fixtures	18.1	766,164	-	-	766,164	739,722	4,719	-	744,441	21,723	26,442
7	Office Equipments	13.91	2,132,495	-	596,639	1,535,856	2,044,171	18,859	571,928	1,491,103	44,753	88,324
8	Vehicles	25.89	505,920	-	505,920	-	454,765	-	454,765	-	-	51,155
	<b>GRAND TOTAL</b>		<b>42,828,416</b>	<b>3,058,895</b>	<b>1,185,428</b>	<b>44,701,883</b>	<b>17,632,528</b>	<b>1,489,367</b>	<b>1,104,912</b>	<b>18,016,982</b>	<b>26,684,901</b>	<b>25,195,888</b>
	<b>PREVIOUS YEAR</b>		<b>27,637,206</b>	<b>15,191,210</b>	<b>-</b>	<b>42,828,416</b>	<b>16,642,244</b>	<b>990,284</b>	<b>-</b>	<b>17,632,528</b>	<b>25,195,888</b>	<b>-</b>

## Notes:

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

**VAPI PAPER MILLS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

( AMT IN RS.)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
<b>12 Long Term Loans and Advances</b>		
(Unsecured, Considered Good )		
Security Deposits	887,032	2,047,479
Advance recoverable in cash or in kind or for value to be received	182,659	4,750,513
Loans and Advances-Others	-	9,250,910
Advance given for Share Application {Refer note 12 (a) }	-	1,000,000
Capital Advances	-	849,249
	<b>1,069,691</b>	<b>17,898,150</b>
12 (a) The share application money paid to a company has been suffering losses since long time,the company has completely eroded its reserve and surplus and the company will not be able to allot the shares, therefore the application money is written off and included in expenses head " sundry balances written off.		
<b>13 Inventories</b>		
Stores Spare parts	10,226	50,012
	<b>10,226</b>	<b>50,012</b>
<b>14 Trade Receivables</b>		
(Unsecured considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	2,965,952	5,007,525
Others	1,459,647	1,045,834
Less: Provision for Bad and Doubtful Debts	(2,965,952)	-
	<b>1,459,647</b>	<b>6,053,359</b>
<b>15 Cash and Cash Equivalent</b>		
Balance with Scheduled Banks - in Current account	132,794	76,262
Cash on hand	180,805	30,841
	<b>313,599</b>	<b>107,103</b>
<b>16 Short Term Loans &amp; Advances</b>		
(Unsecured considered good)		
Balance with statutory authority (Excise Modvat & Service tax) {Refer 16 (a)}	957,945	1,091,275
Taxes Paid (Net off Provisions)	2,001,551	1,184,961
Prepaid Expense	-	306
Loan to Staff	271,250	274,250
Advances Against Purchase of Capital Assets	20,000	397,353
Advance recoverable in cash or in kind or for value to be received	18,543	-
Capital Advances	1,024,228	-
	<b>4,293,517</b>	<b>2,948,145</b>
16 (a) The excise department has preferred an appeal against the company however the advance in PLA a/c is carried at the book value till conclusion of the assessment.		

**VAPI PAPER MILLS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

( AMT IN RS.)

PARTICULARS	FOR THE YEAR ENDED ON MARCH 31, 2013	FOR THE YEAR ENDED ON MARCH 31, 2012
<b>17 Revenue from Operations</b>		
Job Work Charges { Refer note 17(a)}	-	1,534,682
	-	<b>1,534,682</b>
17 (a) The company has discontinued its paper and engineering division. The company has earned revenue by renting factory shed / space etc.		
<b>18 Other Income</b>		
Rent Income	9,446,456	6,764,796
Interest Income	82,716	162,540
Dividend Income from Long Term Investment	22,000	15,000
Excess Provision for Expenses of Earlier Years	-	27,574
	<b>9,551,172</b>	<b>6,969,910</b>
<b>19 Employee Benefit Expense</b>		
Salary, Allowances, Bonus	763,220	716,365
Gratuity Expenses	20,000	-
Contribution to Provident and other funds	32,698	31,572
Welfare Expenses	37,522	37,677
	<b>853,440</b>	<b>785,614</b>
19 (a) The company is having policy of group gratuity with LIC, the gratuity paid to retrenched employees have been paid by the company.		
<b>20 Financial Cost</b>		
Interest on Deposits	472,001	154,414
	<b>472,001</b>	<b>154,414</b>
<b>21 Other Expenses</b>		
Stores and Spares Consumed	39,786	167,315
Water Charges and Electricity Expenses	892,024	1,258,589
Repairs and Maintenance:		
Others	72,722	153,884
Rates and Taxes and Fees	510,023	58,574
Auditor Remuneration:		
Statutory Audit Fees	39,326	39,326
Tax Audit Fees	28,090	14,045
Other Services	11,236	14,045
Out of Pocket Expenses	-	515
Telephone Expenses	227,721	229,829
Legal and Consultancy Expenses	386,128	341,067
Security Expenses	267,180	304,260
Office Expense	133,381	146,892
Vehicle Expenses	188,550	204,957
Commission	125,000	-
Commission on Sales	-	182,250
Travelling Expenses	165,102	107,920
Interest on Others	56,848	5,731
Miscellaneous Expenses	199,148	225,901
Other Balances Written Off	13,594,465	197,447
Bad Debts written off	4,547,846	-
	<b>21,484,576</b>	<b>3,652,548</b>
<b>Current Tax Expenses</b>		
Excess Provision of FBT Written Off	-	(16,436)
	-	<b>(16,436)</b>
<b>22 Exceptional Items</b>		
Capital Assets W/Off	80,516	-
Sundry Balances W/Off	1,953,093	-
	<b>2,033,609</b>	-

## NOTES TO FINANCIAL STATEMENTS

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

24. **Capital Commitment:**

Estimated amount of contracts remaining to be executed on capital account is approximately Rs.10,00,000. (Net of advances) (Previous Year Rs. Nil)

25. The company has discontinued manufacturing of paper and paper board. The company has started leasing its premises on rent. The Company's net worth is negative as on March 31, 2013. 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.

26. 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.

27. a) Balance of Trade Payables, Trade Deposits, Advance from Customers, Trade Receivables, Non Current and Current Loans and 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.

28. 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.

29. Disclosure for operating leases under Accounting Standard 19 – "Leases"

(i) Disclosure in respect of the assets given on leave and license agreement under operating lease is as under:

(Amt in Rs. )

SR. No.	PARTICULARS	2012-2013	2011-2012
1.	Lease income recognized in the Statement of Profit and Loss for the year	Rs.94,46,456/-	Rs.67,64,796/-
2.	Future minimum receipt under the agreements, which are non cancellable are as follows:		
	i) Not later than one year	Rs. Nil	Rs. Nil
	ii) Later than one year and not later than five years	Rs. Nil	Rs. Nil

(ii) Disclosure in respect of the assets taken on leave and license agreement under operating lease is as under:

(Amt in Rs. )

SR. No	PARTICULARS	2012-2013	2011-2012
1.	Lease payments recognized in the Statement of Profit and Loss for the year	-	Rs. 30,000/-
2.	Future minimum payments under the agreements, which are non cancellable. (All the lease agreements are cancellable)	Rs. Nil	Rs. Nil

30. Expenditure in foreign currency during the year on account of Travelling expenses Rs.NIL (Previous Year Rs 33,809/-)

31. CIF Value of Imports of Raw Materials and Capital goods Rs. NiL (Previous Year Rs. NiL )

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

33. Earnings in foreign exchange and expenditure in foreign currency Rs. NIL (Previous Year Rs. NIL)



## NOTES TO FINANCIAL STATEMENTS

## 34. 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:

(Amt in Rs. )

Sr. No.	Particulars	Key Management Personnel		Associate Companies	
		2012-13	2011-12	2012-13	2011-12
A.	<b>Transaction during the year</b>				
I	Remuneration	3,00,000	3,00,000	NIL	NIL
ii	Loan Taken	2,480,000	40,63,090	56,388	NIL
iii	Loan repaid	3,635,420	21,77,866	NIL	NIL
iv	Interest	NIL	NIL	NIL	NIL
B	<b>Outstanding balances at the year end:</b>				
I	Loan	77,084,891	7,82,40,311	4,748,076	46,91,688
ii	Remuneration	21,42,240	18,42,340	NIL	NIL

35. 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"

## 36. Earnings per Share

(Amt in Rs. )

Particulars	2012-13	2011-12
Profit / (Loss) in Rupees	(1,67,81,821)	29,38,169
Weighted average number of equity shares outstanding	22,81,450	22,81,450
Basic and diluted Profit / (Loss ) per share in Rupees	(7.36)	1.29

37. Company has closed down engineering division during the year 2011-12. However, the required information as per Accounting Standard – 24 has not been disclosed.

38. Previous years figures have been regrouped and or rearranged whenever necessary

The notes are integral part of these financial statements.

As per our Audit Report of even date attached

For VAPI PAPER MILLS LIMITED

For Chirag N Shah & Associates,  
Chartered Accountants  
Registration No: 118215W

SD/-

Hetal Shah  
Partner  
Membership No: 111610

Mumbai  
Date: 15<sup>th</sup> July, 2013

SD/-

Manoj R. Patel  
(Director)

Mumbai  
Date: 15<sup>th</sup> July, 2013

SD/-

Rajeev R. Patel  
(Director)