

Vimal Oil & Foods Ltd.



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16th Annual Report 2007-2008



**16th ANNUAL REPORT
2007 - 2008**

BOARD OF DIRECTORS	:	Shri Jayesh C. Patel Shri Mahendrabhai V. Patel Shri Mukesh N. Patel Shri Harnarayan J. Patel	Chairman & Managing Director
AUDIT COMMITTEE	:	Shri Mahendrabhai V. Patel Shri Mukesh N. Patel Shri Harnarayan J. Patel	Chairman
SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE	:	Shri Mukesh N. Patel Shri Jayesh C. Patel Shri Mahendrabhai V. Patel	Chairman
REMUNERATION COMMITTEE	:	Shri Harnarayan J. Patel Shri Mukesh N. Patel Shri Mahendrabhai V. Patel	Chairman
BANKERS	:	Bank of India	
AUDITORS	:	M/s. R. R. S. & Associates Chartered Accountants Ahmedabad.	
REGISTERED OFFICE	:	4th Floor, Heritage, Nr. The Grand Bhagwati, S.G. Highway, Ahmedabad – 380054.	
FACTORY	:	At : Village Hanumant Heduva, Nr. Palavasna Railway Crossing, Highway, Mehsana - 384 002.	
REGISTRAR & SHARE TRANSFER AGENT	:	Intime Spectrum Registry Limited 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.	



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NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the Members of **VIMAL OIL & FOODS LIMITED** will be held at **11.30 A.M. on Tuesday, the 30th September, 2008** at Company's Registered Office at 4th Floor, Heritage, Nr. The Grand Bhagwati, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 054 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Company's Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date together with Schedules annexed thereto as well as the Directors' and Auditors' Report attached therewith.
2. To declare dividend on Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri Harnarayan J. Patel who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By order of the Board
FOR VIMAL OIL & FOODS LTD.

Place : Ahmedabad
Date : 30th August, 2008

JAYESH C. PATEL
Chairman and Managing Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representatives to attend and vote at the Annual General Meeting.
3. Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and to hand over the slip at the entrance to the meeting.
4. Members attending the Annual General Meeting are requested to bring their copies of Annual Report at the meeting. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting.
5. Members holding shares in physical form are requested to notify any change of address, bank mandates, if any, to the Registrar & Share Transfer Agent, M/s Intime Spectrum Registry Limited whose Office is situated at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad- 380 009 or to their respective depository participants if the shares are held in electronic form.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September 2008 to 30th September 2008 (both days inclusive).
7. Subject to the provisions of section 205A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the Meeting, will be dispatched / remitted commencing from the day after the annual general meeting to those Members whose names appear in the Register of Members of the Company / statement of beneficial ownership maintained by the depositories as on close of business hours on 23rd September, 2008.
8. Members who have not encashed their Dividend Warrants for the Financial Year 2001-2002 and onwards are requested to approach the Company for revalidation / obtaining Duplicate Dividend Warrants.

In terms of the provisions of Section 205A of the Companies Act, 1956, dividends not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are therefore requested to encash their dividend warrants immediately for subsequent financial year. Members are requested to write to the Company, if any dividend warrant is due and pending to be paid so that fresh / revalidated warrants could be issued by the Company.



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9. Members who hold shares in the physical certificate forms and wish to make/change nominations in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, may send the prescribed Form 2B to M/s Intime Spectrum Registry Limited, the Registrar and Share Transfer Agent of the Company, whose Office is situated at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad- 380 009.
10. Members desiring to have any relevant information on the accounts at the Annual General Meeting are requested to write to the company at least seven days in advance at its registered office, so as to enable the company to keep the information ready.
11. At the ensuing Annual General Meeting, Shri Hamarayan J. Patel shall retire by rotation and being eligible, offers himself for re-appointment subject to the approval of the Members in the ensuing Annual General Meeting. Pursuant to Clause 49 of the Listing Agreement, the Particulars of Director seeking re-appointment are given below :

Name	: Shri Hamarayan J. Patel
Date of Birth	: 01/03/1943
Date of Appointment	: 29.06/2022
Qualification	: B.Com., C.A.
Experience	: Shri Hamarayan J. Patel is Chartered Accountant. He has wide experience in the field of finance, account and Taxation matter.
Directorships in other Private / Public Limited Companies	: Canon Capital And Finance Limited
Memberships of Committees in other Public Limited Companies	: NIL

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DIRECTORS' REPORT

To,
The Members,

Your directors have pleasure in presenting the 16th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS :

	For the Year 2007 - 2008	(Rs. in lacs) Previous Year 2006 - 2007
Sales Including Other Income	63685.34	49206.14
Profit Before Interest, Depreciation & Taxation	1756.88	1155.00
Interest & Financial charges	761.77	487.98
Depreciation	123.76	112.31
Profit Before Taxation	871.35	554.71
Provision For Taxation including Deferred Tax	312.79	212.03
Profit After Tax	558.56	342.68
Adding Thereto: Balance B/F From Previous Year	364.18	135.37
Amounts Available For Appropriation	922.74	478.05
Appropriations:		
Dividend & Dividend Tax	101.78	63.88
General Reserve	50.00	50.00
Balance carried Forward	770.96	364.17

DIVIDEND :

The directors recommend a final dividend of 6% (Rs. 0.60 per Share) on pro-rata basis on Preference shares and 18% (Rs. 1.80 per Share) on the paid up Equity share capital of the company.

OPERATIONS :

Company's operations, continued to be satisfactory:

	2007-2008	(Rs. in lacs) 2006-2007
Sales and related Income	63685.34	49206.14
Profit after tax	558.56	342.68

The Sales & other income for the financial year under review, were Rs.63685.34 lacs as against Rs.49206.14 lacs for the previous financial year registering a record growth of 29.43%. The total export sales have increased from Rs. 2170.15 lacs to Rs. 3030.31 lacs. The Profit before tax (after interest and depreciation charges) of Rs.871.35 lacs and the profit after tax Rs. 558.56 lacs for the financial year under review as against Rs.554.71 lacs and Rs. 342.68 lacs respectively for the previous financial year, showing remarkable improvement of 57.08 % and 63 % respectively.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Harnarayan J. Patel, Director of the Company, retires by rotation at the ensuing annual general meeting and is eligible for re-appointment. Your directors recommend his re-appointment.

The brief resume/details relating to directors who are to be appointed/re-appointed are furnished in the notes and explanatory statement to the notice of the ensuing annual general meeting.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors confirm that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards had been followed;
- ii. They had 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 31st March, 2008 and of the profits of the Company for the year ended 31st March, 2008;
- iii. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. They had prepared the Annual Accounts on a going concern basis.



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LISTING :

The Company's Shares are listed on Bombay Stock Exchange.

The Company has paid the annual listing fees to the above Stock Exchange for the Financial Year 2008-2009.

INDUSTRIAL RELATIONS:

The Company's relations with its employees remained cordial throughout the year. The Directors wish to place on record their deep appreciation of the devoted services by workers, staff and executives of the Company.

PARTICULARS OF EMPLOYEES:

The particulars of employees falling under the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are NIL.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

The additional information required under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Report, is annexed hereto.

AUDITORS:

M/s R. R. S. & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing annual general meeting and are eligible for re-appointment.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Board of Directors of the Company had evolved and adopted a Code of Conduct based on the principles of Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company www.vimaloil.com.

Compliance Report, in accordance with the Clause 49 of the Listing Agreements with Stock Exchanges, on Corporate Governance forms part of the Annual Report. The Auditors certificate on the compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement is attached hereto and forms part of this Report. The Management Discussion and Analysis Report is also annexed hereto and form part of this report.

ACKNOWLEDGEMENT:

Your Directors place on records their sincere appreciation and gratitude to the Company's valued Customers, Bankers and Shareholders for their support and confidence in the Company.

On behalf of Board Of Directors
FOR, VIMAL OIL & FOODS LIMITED

Place : Ahmedabad
Date : 30th August, 2008

JAYESH C. PATEL
Chairman & Managing Director



Vimal Oil & Foods Ltd.

ANNEXURE TO DIRECTORS' REPORT

IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY :

- a) Energy Conservation Measures Taken :
 - 1) Changing over to energy efficient equipments from conventional
 - 2) Preventive maintenance of machines to reduce energy loss.
 - 3) Increase in energy conversion efficiency of fuel in boiler by regular oxygen level monitoring
 - 4) Employees Training Program conducted for the awareness of energy conservation.
- b) Additional investments and proposal, if any, being implemented for reduction of consumption of energy: Various proposals/ measures for reducing energy consumption are under consideration.
- c) Impact of the measure taken at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Impact has not been separately measured.

FORM A

Disclosure of particulars with respect to conservation of energy:

A. POWER AND FUEL CONSUMPTION

	<u>2007-08</u>	<u>2006-07</u>
1. ELECTRICITY		
a. Purchased Units	2275408	2322164
Total Amount (Rs.)	10898025	11185300
Rate per unit	4.79	4.82
b. Own generation		
i Through diesel generator		
Units	75742	192723
Unit per ltr. of diesel oil	5.57	5.84
Cost/Unit	6.38	6.16
ii Through steam turbine/generator Unit	Nil	Nil
Units per lt. of fuel oil/gas		
2. LDO OIL		
Quantity	Nil	Nil
Total cost (Rs.)		
Average rate		
3. LIGNITE		
Quantity	3955180	2738250
Total cost (Rs.)	8491990	5382389
Average Rate (Rs. Per M.T)	2147	1966
4. GAS		
Quantity	1450538	1642078
Total cost (Rs.)	8812280	9282071
Rate per unit (Rs. Per SCM)	6.08	5.65

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year <u>2007-08</u>	Previous Year <u>2006-07</u>
Products (with details)			
Electricity (KWH/M.T)	N.A	25.5972	24.0240
LDO Oil	N.A.	0.0000	0.0000
Diesel (M.T/M.T)	N.A.	0.8521	1.9938
Lignite (M.T./M.T)	N.A.	0.0445	0.0283
Gas (SCM/M.T)	N.A.	16.3178	16.9882

**B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :**

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D is carried out by the Company: NIL
2. Benefits derived as a result of the above R & D: NIL
3. Future plan of action : Nil
4. Expenditure on R & D

	<u>2007-08</u>	<u>2006-07</u>
i) Capital	Nil	Nil
ii) Recurring	Nil	Nil
iii) Total	Nil	Nil
iv) Total R & D Expenditure as percentage of total turnover	Nil	Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation: NIL
2. Benefits derived as a results of the above efforts e.g. cost reduction, product development, import substitution etc.: NIL
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished: NIL
 - a) Technology imported : Nil
 - b) Year of import : Nil
 - c) Has technology been fully absorbed ? : Nil
 - d) If not fully absorbed areas where this has not taken place, reasons thereof and future plan of action. : Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Activities relating to exports, initiatives taken to increase exports, Development of new export markets for products and services and export Plans; Company's total exports have increased by over to that of the past year.

The Company's efforts continue in development and identification of new Export markets and improving the share in the existing markets.

- b) **Total Foreign Exchange used and earned.**

Total Foreign Exchange earnings	Rs. 246697364
Total foreign exchange outgo	Rs. 853377959
Net foreign exchange outgo	Rs. 607680595

On behalf of Board Of Directors
FOR, VIMAL OIL & FOODS LIMITED

Place : Ahmedabad
Date : 30th August, 2008

JAYESH C. PATEL
Chairman & Managing Director

CORPORATE GOVERNANCE
1. Company's Philosophy on Corporate Governance:

The company believes in principle of Corporate Governance and endeavors it's best to maintain transparency and professionalism with fairness & integrity to enhance the interest of all it's shareholders.

This section, along with the sections on Additional shareholder information & Management Discussion & Analysis in the Annual Report, constitutes compliance with Clause 49 of the Listing Agreement.

2. Board of Directors :
> Composition, category of Directors and their other Directorships and Committee Memberships:

The present Board of the Company comprises Four Members – 1 Executive Director and 3 Non-Executive and independent Directors. The composition of Board of Directors, the number of other directorships or board committees of which he is a Member / Chairman are as under:

Name of Director	Category	Designation	Other Directorships/ Board Committees (Numbers)	
			Directorships	Board Committees
Shri Jayesh C. Patel	Promotor Executive Director	Chairman & Managing Director	4	NIL
Shri Mahendrabhai V. Patel	Independent & Non-Executive Director	Director	1	NIL
Shri Mukeshbhai N. Patel	Independent & Non-Executive Director	Director	NIL	NIL
Shri Harnarayan J. Patel	Independent & Non-Executive Director	Director	1	NIL

Board Meetings:

15 Board Meetings were held during the year 2007-2008 which are as shown under:

1) 30.04.2007	2) 10.06.2007	3) 28.06.2007	4) 31.07.2007
5) 01.08.2007	6) 17.08.2007	7) 19.09.2007	8) 03.10.2007
9) 30.10.2007	10) 31.10.2007	11) 23.11.2007	12) 03.01.2008
13) 30.01.2008	14) 21.02.2008	15) 10.03.2008	

All the meetings of Board of the Company are scheduled well in advance and the Board meets at least once a quarter to review the quarterly performance and the financial results. Agenda of the meeting was prepared and all necessary papers were circulated to the members of Board in advance. All members of the Board have access to all information of the Company and are free to recommend inclusion any matter in the Agenda for discussions.

> Attendance of Directors at the Board Meeting & Last Annual General Meeting:

Name of Director	Number of Meetings held during his tenure	Number of Meetings Attended	% Of Total Meetings Attended	AGM Attendance
Shri Jayesh C. Patel	15	15	100%	Yes
Shri Mahendrabhai V. Patel	15	15	100%	Yes
Shri Mukeshbhai N. Patel	15	15	100%	Yes
Shri Harnarayan J. Patel	15	4	27%	Yes

3. Audit Committee:
> Terms of reference

The Audit Committee of the Company was constituted in January 2003 and has been mandated with the same terms of reference specified in Clause 49 II of the Listing Agreement with the Stock Exchanges, as revised from time to time and as well as those stipulated by SEBI Guidelines. These terms also fully conform to the requirements of Section 292A of the Companies Act, 1956.

> Composition:

Presently the Audit Committee comprises three non-executive and independent directors – Shri Mahendra V. Patel, Shri Mukesh N. Patel and Shri Harnarayan J. Patel. The Chairman is Shri Mahendra V. Patel who is a Chartered Accountant, has considerable financial expertise and experience.