

**27th
Annual Report & Accounts
2000**



VIPPY INDUSTRIES LTD.



Board of Directors SHRI K.B. SINGH

SHRI RAHUL MUTHA
(Executive Director)

SHRI PRAKASH MUTHA
(Managing Director)

General Manager (Finance & Secretarial) SHRI G.D. MAHESHWARI

Auditors SODANI & COMPANY

Cost Auditors M. GOYAL & CO.

Bankers BANK OF MAHARASHTRA
THE UNITED WESTERN BANK LTD.
THE SARASWAT CO-OP. BANK LTD.

Registered Office 28, INDUSTRIAL AREA,
A.B. ROAD,
DEWAS-455 001 (M.P.)

Works 28, 29 & 30, INDUSTRIAL AREA,
A.B. ROAD,
DEWAS-455 001 (M.P.)

**NOTICE**

NOTICE is hereby given that the 27th Annual General Meeting of the Company will be held on Saturday 24th day of March, 2001 at 11 a.m. at the registered office of the Company situated at 28, Industrial Area, A.B. Road, Dewas 455 001 (M.P.) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at December 31, 2000 and the Profit and Loss Account for the year ended on that date and report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rahul Mutha who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To appoint Shri. K.B. Singh (who was appointed as an additional Director by the Board of Directors pursuant to the provision of Article 93(a) of the Articles of Association of the Company and who holds the office under the said Article and Section 260 of the Companies Act, 1956, only upto the date of this meeting, and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from some members signifying their intention to propose him as a candidate for the office of Director) as Director of the Company and to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri K.B. Singh be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board

Place: Dewas
Date : January 2, 2001

PRAKASH MUTHA
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The proxy, in order to be effective, should reach the registered office of the Company at least 48 hours before the meeting.
3. The proxy form is enclosed.
4. Explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, is annexed.
5. The register of members and share transfer books will remain closed from 24th day of March, 2001 to 31st day of March, 2001. (both days inclusive) for the purpose of Annual General Meeting.

**EXPLANATORY STATEMENT**

(pursuant to section 173 (2) of the Companies Act, 1956)

Item No. 4

The Board of Directors, pursuant to powers vested in it vide Articles of Association of the Company, had appointed Mr. K.B. Singh as additional director. In accordance with the provisions of section 260 of the Companies Act, 1956, Mr. K.B. Singh holds office as additional director upto the ensuing annual general meeting of the Company.

Notice has been received, in pursuance of the provisions of section 257 of the Companies Act, 1956, from a member of the Company who has intimated his intention to propose the name of Mr. K.B. Singh to be appointed director of the Company whose term of office shall be liable to be determined by rotation.

Besides Mr. K.B. Singh none of the directors is interested in the matter.

Your directors recommend the resolution for approval.

By Order of the Board

Place: Dewas
Date : January 2, 2001

PRAKASH MUTHA
Managing Director



**DIRECTORS' REPORT**

To the members,

Your directors herewith presents the twenty seventh annual report of the Company together with the audited accounts for the year ended December 31, 2000.

FINANCIAL RESULTS

In context of the various factors beyond control of the management, enumerated here under, the Company suffered losses on operations:

- Increase in the average price of the principal raw material consumed (including mandi fee) has been higher than the increase in prices of finished goods leading to pressure on processing margin.
- Acute shortage of water for processing operation and poor supply of power adversely affected the capacity utilisation.
- Steep hike in price of petroleum products leading to escalation in price of food grade hexane, lubricants and fuel for power generation and transport.

The operational results of the Company are summarised hereunder:

	For the year Ended Dec., 31, 2000 Rs. in lacs	For the year Ended Dec., 31, 1999 Rs. in lacs
Earnings before interest and depreciation	(1,724.52)	927.40
Less: Interest	1,720.05	1,318.65
	(3,444.57)	(391.25)
Less: Depreciation	294.06	295.77
Loss for the year	(3,738.63)	(687.02)
Less: Prior period expenses	887.90	---
	(4,626.53)	(687.02)
Profit brought forward from Profit and Loss Account	38.82	300.00
Balance brought forward from General Reserve	---	425.84
Balance carried to Balance Sheet	(4,587.71)	38.82

The financial results of the Company have been compiled in accordance with accounting standards particularly in regard to accounting of interest on term loans and fluctuations in foreign currency long term borrowings.

DIVIDEND

In view of the losses incurred by the Company, the directors express their inability to recommend any dividend.

SALES

The sales and other income during the year ended December 31, 2000 were Rs. 28,169.29 lacs as against Rs.26,654.65 lacs during the year ended December 31, 1999.

FUTURE OUTLOOK

The future outlook for export of Non Genetically Modified (GMO) soya products from India to the European markets appears very good after the Meat Bone Meal crisis as it has made consumers averse to



any kind of risk arising out of consumption of genetically modified products and there is a perceptible shift in demand of these products, available from countries including like India.

In line with the European standards, the Far East Asian countries are making food labelling law effective from the current year which require the nature of product, in terms of genetic modification if any, to be displayed on the packing. The Company expects that this measure of boosting customer awareness will increase the demand of Non GMO products. The Company intends to increase its market share in Japanese, Korean and Thai markets.

The Company is also exploring the non traditional markets to increase its sales penetration of Lecithin, Defatted Soya Flour, Hipro Soya Meal, Soya TVP and Soya Protein Hydrolysate.

The Company is drawing up a financial plan and is hopeful that the sanction of need based reliefs and concessions by the secured and other creditors and the agencies of the Central and State Government will help the Company in its efforts to financially revitalize its operations.

REFERENCE TO THE BIFR

The accumulated losses of the Company as on December 31, 2000 stand at Rs.4,587.71 lacs as compared to paid up share capital and free reserves of Rs.3,250.44 lacs. In view of the full erosion of the net worth, your Company has become a Sick industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industries Companies (Special Provisions) Act, 1985.

SOCIAL RELATIONS

Relations between the employees and management remained cordial. The directors wish to place on record their appreciation of the devoted services rendered by the workers, staff and officers of the Company.

INSURANCE

The Company's building, machineries, stocks, stores and spares are adequately insured against various risks including machinery break down.

DIRECTORS

Shri Vimel C. Mutha and Dr. K.A. Savagaon have resigned from Board of Directors of the Company during the year. The directors place on record their sincere appreciation for the valuable guidance given by Shri Vimel C. Mutha and Dr. K. A. Savagaon.

The Board of directors of the Company has appointed Shri K. B. Singh as an additional director during the year. In terms of Articles of Association, Shri K.B. Singh hold office upto the forthcoming annual general meeting. The Company has received notice from a member proposing Shri K.B. Singh as a candidate for the office of director.

PARTICULARS OF EMPLOYEES

Provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 are not applicable as there was no employee in receipt of the specified remuneration.

SUBSIDIARY COMPANY

The annual report of the subsidiary company, Vippy Exim Ltd., for the year ended December 31, 2000 is attached to this report in accordance with the requirement of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on conservation of energy, technology, foreign exchange earning and outgo as required to be disclosed in terms 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 is annexed hereto (as Annexure A) and forms part of this report.



VIPPY INDUSTRIES LTD.

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AUDITORS

M/s Sodani & Company, Chartered Accountants, retire at the conclusion of this meeting and being eligible for reappointment.

ACKNOWLEDGEMENTS

The directors acknowledge with gratitude the support received by the Company from Bank of Maharashtra, The United Western Bank Ltd., The Saraswat Co-operative Bank Ltd, ICICI Ltd, IDBI Ltd., IFCI Ltd., UTI Ltd., and the State and Union Governments.

On behalf of Board of Directors

Place: Dewas

Dated: January 2, 2001

PRAKASH MUTHA

Managing Director

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**ANNEXURE TO DIRECTORS' REPORT****ANNEXURE 'A'**

Statement of particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended December 31, 2000.

Name	Qualification	Designation & Nature	Experience	Date of joining	Remuneration Rs.	Age in yrs.	Last Employment
NIL							

On behalf of Board of Directors

Place: Dewas
Dated: January 2, 2001

PRAKASH MUTHA
Managing Director

ANNEXURE 'B'

Additional information as required under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended December 31, 2000.

Statement showing particulars with respect to conservation of energy.

	Current year 2000	Previous year 1999
A. Power and Fuel Consumption		
1. Electricity:		
A. Purchased		
i) Unit	25,33,218	18,97,132
ii) Total amount (Rs.)	1,11,69,746	86,72,334
iii) Cost/unit (Rs.)	4.41	4.57
B. Own generation		
i) Through diesel generator unit	66,48,350	77,52,728
ii) Unit per litre of diesel consumption	3.40	3.41
iii) Cost/unit (Rs.)	4.49	3.10
2. Coal:		
i) Quantity (in M.T. consumed)	16,330	16,691
ii) Total cost (Rs.)	3,00,87,175	3,26,36,403
iii) Average rate (Rs.)	1,842	1,955
3. Consumption per unit of production		
i) Electricity (Unit/M.T.)	51	45
ii) Coal (Kg/M.T.)	91	81
B. Export of finished products		
i) Including earnings in foreign exchange on FOB basis of Rs.103811691	56,67,99,548	74,86,95,745
ii) Outgo (Rs.)	3,02,471	10,85,747

On behalf of Board of Directors

Place: Dewas
Dated: January 2, 2001

PRAKASH MUTHA
Managing Director

**VIPPY INDUSTRIES LTD.****27th Annual Report & Accounts 2000****AUDITORS' REPORT**

To

The members,

We have audited the attached Balance Sheet of VIPPY INDUSTRIES LIMITED, DEWAS as at December 31, 2000 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - 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 as far as appears from our examination of the books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note no.11 regarding non provision of entry tax of Rs.29.17 lacs due to which loss is understated by Rs.29.17 lacs and read together with other notes and the accounting policies thereon in schedule nos. 20 and 21 gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2000; and
 - ii) In the case of the Profit and Loss Account of the loss for the year ended on that date.

for **SODANI & COMANY**
Chartered Accountants

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Dated: January 2, 2001

M.D. SODANI
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

(referred to in paragraph 1 of our report of even date)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the assets. No serious discrepancies have been noticed on such verification.
2. None of the assets have been revalued during the year.
3. The stocks of finished goods, stores and spare parts and raw material have been physically verified by the management at reasonable intervals during the year and/or at close of the year except stocks lying with third parties.
4. According to the information and explanations given to us, in our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
5. The discrepancies if any noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in preceding year.
7. The Company has not taken any loan from the companies, firms or other parties listed in the register maintained under Section 301 and 370 (I-C) of the Companies Act, 1956.
8. The Company has not granted any loan secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 and Section 370 (1B) of the Companies Act, 1956. There is no company under the same management as defined under sub-section (1B) of Section 370.
9. The Company has not given any loan or advance in the nature of loans except to employees and the re-payment of the principal amount as stipulated have been made and that no interest is charged on such advances.
10. In our opinion and according to the information and the 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 stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000 or more in respect of any party.
12. In our opinion and according to information and explanations given to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials or finished goods. We were informed that there were no unserviceable or damaged stores, raw materials or finished goods.
13. The Company has not accepted any deposits from the public and therefore the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and the directives issued by the Reserve Bank of India are not applicable.
14. In our opinion, reasonable records have been maintained by the Company for the sale, disposal of realisable scrap and by-products.