

30t h
Annual Report & Accounts
2003



VIPPY INDUSTRIES LTD.
An ISO 9001:2000 Certified Company

Quality Policy

We at Vippy Industries Ltd., Dewas are committed to produce and deliver high quality soya products meeting customer requirements and other statutory norms to achieve customer delight, through continual improvement and employee involvement.

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Board of Directors	Dr. K.A. SAVAGAON SHRI K.B. SINGH SHRI SURESH C KAPUR (Nominee of ICICI) SHRI SAJEVE DEORA SHRI RAHUL MUTHA (Executive Director) SHRI PRAKASH MUTHA (Managing Director)
Auditors	M/s SODANI & COMPANY
Cost Auditors	M/s M. GOYAL & COMPANY
Company Secretary	SHRI ABHITAP K. JAIN
Bankers	THE BANK OF MAHARASHTRA THE UNITED WESTERN BANK LIMITED THE SARASWAT CO-OP. BANK LIMITED
Institutions	THE ICICI BANK LTD. THE INDUSTRIAL FINANCE CORPORATION OF INDIA LTD. THE INDUSTRIAL DEVELOPMENT BANK OF INDIA THE UNIT TRUST OF INDIA
Registered Share Transfer Agent	ANKIT CONSULTANCY PVT. LTD. 2nd FLOOR, ALANKAR POINT, GEETA BHAWAN CHOURAHA, A.B. ROAD, INDORE. PH: 0731-2491298. FAX: 5065798
Registered Office	28, INDUSTRIAL AREA, A.B. ROAD, DEWAS-455 001 (M.P.) PH: 07272-258545, 6. FAX: 07272-258552
Works	28, 29 & 30, INDUSTRIAL AREA, A.B. ROAD, DEWAS-455 001 (M.P.)


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NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Company will be held on Wednesday 10th day of March 2004 at 11 A.M. at the Registered Office of the Company situated at 28, Industrial Area, AB 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, 2003 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 Sajeve Deora who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. K. A. Savagaon who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 exclusive of Service Tax.

SPECIAL BUSINESS

5. To consider and if thought fit pass the following resolution as special resolution with or without modification if any:

"RESOLVED THAT pursuant to the provisions of Section 61 and any other provision applicable of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 or any amendment or modification thereof, and subject to such conditions and modifications as may be prescribed or imposed by any authority and such other approvals, permissions and sanctions as may be necessary while granting such approvals which may be agreed by the Board of Directors, for voluntary delisting of shares from the stock exchanges, the consent approval and authority of the company be and is hereby accorded to the Board of Directors to delist the equity shares of the company from the Madhya Pradesh Stock Exchange, Indore, New Delhi Stock Exchange Association Ltd. New Delhi and Madras Stock Exchange Ltd., Chennai"

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all the questions, difficulties and doubts and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the company from the above mentioned stock exchanges and to take all steps including executing all writings, which the Board in its absolute discretion consider necessary, proper or expedient for giving effect to the above resolution."

Registered Office
Vippy Industries Ltd.
28, Industrial Area,
A.B.Road Dewas-455001
Date: January 22, 2004

By order of the Board of Directors

Abhitap K. Jain
Company Secretary

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 of the Company .
2. The proxy, in order to be valid and effective, should reach the registered office of the Company at least 48 hours before the appointed time of the aforesaid 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 10.03.2004 to 16.03.2004 (both days inclusive) for the purpose of Annual General Meeting.

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6. Nomination facility is available to the shareholders for making nomination in respect of shares held by them in pursuance of section 109 of the Companies Act, 1956.
7. Members are requested to notify immediately any change in their address to the Company quoting their folio numbers.
8. Members are requested to inform their client ID and DP ID numbers if they hold shares in dematerialised form.

EXPLANATORY STATEMENT

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

Item No.5

The company's equity shares are listed with the Bombay Stock Exchange, Madhya Pradesh Stock Exchange, New Delhi Stock Exchange Association Ltd., New Delhi and Madras Stock Exchange Ltd., Chennai, there are no trading or very few trading of equity shares at Madhya Pradesh Stock Exchange, New Delhi Stock Exchange Association Ltd. New Delhi and Madras Stock Exchange Ltd., Chennai.

In terms of the SEBI (Delisting of Securities Guidelines 2003) recently announced by the SEBI now the companies have been permitted to voluntary delisting of shares from Stock Exchange (Including the Regional Stock Exchange) subject to the compliance of the terms and conditions of the said Guidelines.

The Company's securities would continue to be listed on the Stock Exchange Mumbai (BSE) with the nationwide and extensive network of trading terminals set up by the BSE, investor have access to trade and deal in the company's securities across the country and also in accordance with the said guidelines, an exit opportunity is not required to be given to the shareholders. Equity shares of the company listed on the Madhya Pradesh Stock Exchange, New Delhi Stock Exchange Association Ltd., New Delhi and Madras Stock Exchange Ltd., Chennai is not providing any significant tangible advantage to the shareholders and investors of the company.

Therefore, the Board has considered at their meeting held on 18.07.2003 to recommend for voluntary delisting of the company's equity shares on the Madhya Pradesh Stock Exchange, New Delhi Stock Exchange Association Ltd., New Delhi and Madras Stock Exchange Ltd., Chennai and continue the listing with the Stock Exchange, Mumbai only to avoid unnecessary financial and administrative burden on multiple compliance of the various clauses of the listing agreement from time to time and to provide better services to the investors through the nationwide Stock Exchange i.e. Stock Exchange, Mumbai.

Your Directors recommend to pass the above resolution set out at item No. 5 of the notice as a special resolution for voluntarily delisting the shares of the company from the Madhya Pradesh Stock Exchange, New Delhi Stock Exchange Association Ltd., New Delhi and Madras Stock Exchange Ltd., Chennai.

None of the Directors of the Company are concerned or interested in the above resolution except as member of the company.

Your Directors recommend the resolution for approval.

Registered Office
Vippy Industries Ltd.
28, Industrial Area,
A.B.Road Dewas-455001
Date: January 22, 2004

By order of the Board of Directors

Abhitap K. Jain
Company Secretary

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*30th Annual Report & Accounts 2003***RE-APPOINTMENT OF DIRECTORS**

A brief resume in respect of the proposed re-appointment of Directors is given below in terms of clause 49 of listing agreement.

Name	Shri Sajeve Deora
Date of Birth and Age	27.12.1959, 43 years
Date appointment	30.10.2001
Qualification	Chartered Accountant
Experience	Has got experience of more than 18 years in the field of finance, taxation, accounts and audit.
Other Directorships	1. Bholanath International Ltd. 2. Urban Waste Management Ltd. 3. Pronto Steerings Ltd. 4. Biotech Synergy Ltd. 5. Jyoti Overseas Ltd. 6. Deora Associates Pvt. Ltd. 7. Bio Digital Pvt. Ltd.
Member of committees Vippy Industries Limited	Audit Committee Remuneration Committee
Bholanath International Ltd.	Audit Committee
Biotech Synergy Ltd.	Audit Committee Remuneration Committee Share Transfer Committee

Name	Dr. K. A. Savagaon
Date of Birth and Age	15.03.1936, 67 years
Date appointment	08.06.2001
Qualification	B.Sc.(Tech), Ph.D. Food Technologist
Experience	Has got experience more than 35 years in the field of food technology
Other Directorships	NIL
Member of committees Vippy Industries Limited	Audit Committee Remuneration Committee

**VIPPY INDUSTRIES LTD.**

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30th Annual Report & Accounts 2003**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors herewith present the 30th Annual Report of the Company with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended 31st December, 2003.

FINANCIAL RESULTS

The operational results of the Company are summarized hereunder:

The sales and other income during the year ended December 31, 2003 were 30585.37 Lacs as against 19782.45 Lacs during the year ended December 31, 2002.

Particulars	For the year Ended Dec. 31, 2003	Rs in Lacs For the year Ended Dec. 31, 2002
Loss before Interest & Depreciation	114.66	847.43
Add: Interest for the year	1693.28	1,659.69
Loss before Depreciation	1807.94	2,507.12
Add: Depreciation	306.60	305.33
Loss for the year	2114.54	2,812.45
Less : Prior period adjustment	--	189.57
Add: Prior period adjustment	13.15	--
	2127.69	2,622.88
Loss brought forward from Profit and Loss Account	10421.16	7,798.28
Balance carried to Balance Sheet	12548.85	10,421.16

DIVIDEND

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

COST CONTROL MEASURES

The Company undertook several measures to control production and operating cost including rationalization of manpower.

CORPORATE GOVERNANCE

Your Company committed to good corporate governance practices. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

A report on corporate governance as required under sub clause VII of clause 49 of the listing agreement signed with the stock exchanges is annexed hereto and forms part of this Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year under review.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

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30th Annual Report & Accounts 2003**STATUS BEFORE THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)**

The Company's Rehabilitation Proposal was based on induction of Co-promoter. The Hon'ble BIFR directed that the new Co-promoter will have no say in the management of the Company. Aggrieved against the above direction the Company filed a writ petition before the Hon'ble High Court of Delhi and the Hon'ble Court was pleased to say the operation of the aforesaid order of the Hon'ble BIFR.

The Company's Rehabilitation Proposal, which also comprises reliefs and concessions from Central and State Government, is likely to be taken for discussions at a joint meeting of creditors and Company to be convened shortly.

COMMENTS ON QUALIFICATIONS IN AUDITORS REPORT**1. Non Provisioning of Penal Interest of Rs. 199.18.**

Details in this regard are given in Note No. 5. The Company has not made any provision for the penal interest and liquidated damages charged by the Banks and Financial Institutions amounting to Rs. 199.18 Lacs as the Company's proposal for restructuring incorporates relief to the above extent and that the same is under consideration.

2. Non-provisioning of Sales tax of Rs. 29.63 Lacs

Details in this regard are given in Note No. 6. The Company was granted exemption under Notification No. A-3-(24)/94/ST/V(112) dated 06.10.1994 under Entry tax up to 31.01.2000, and under Notification No. A-3-(24)-94-ST-V-(108) dated 06.10.1994 for Sales tax in respect of purchase / sales of raw material/ finished goods by Hipro (EOU Division). In accordance with the policy of State Gov. the Company has sought extension in the period of exemption equal to the number of days of closure of this plant. Accordingly, the Company does not consider itself liable for an amount of Rs. 29.63 Lacs in respect of year ended 31.12.2003

3. Non-provisioning of interest on deferment of Sales tax of Rs. 39.16.

Details in this regard are given in Note No. 12. During the year interest is payable on the deferred sales tax from due date to the tune of Rs. 39.16 Lacs which has not been provided. The liability will be discharged in accordance with rehabilitation plan to be approved by the Hon'ble BIFR.

PUBLIC DEPOSITS

The Company does not accept / invite any deposits from public attracting provisions of Section 58A of the Companies Act, 1956 and rules made thereunder.

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 buildings, plant & machineries, stocks, stores and spares are adequately insured against various risks including machinery breakdowns.

DIRECTORS

Shri Sajeve Deora and Dr. K. A. Savagaon retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. During the year under review no Director appointed by the Board as additional Director,

The brief resumes of the Directors seeking reappointment are provided in the notice of ensuing A.G.M.

COMPLIANCE CERTIFICATE

A certificate as required under clause 49 VIII of Listing Agreement, for compliance of conditions stipulated in the Listing Agreement, obtained from the secretarial auditor of the Company and annexed herewith this Annual Report.

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*30th Annual Report & Accounts 2003***PARTICULARS OF EMPLOYEES**

Provisions of Section 217 (2A) of the Companies Act read with the Companies (Particulars of Employees) Rules 1975 are not applicable as there was no employee in receipt of the specified remuneration.

CONSERVATION OF ENERGY

In order to reduce the consumption of energy and also to reduce the cost the following measures have been taken by the company during the year:-

SOLVENT PLANT

- ☐ Installation of FRP Energy Saving Fans on Cooling Towers of SEP-1 and SEP-2.
- ☐ Installation of Temperature Controller in Cooling Towers of SEP-2 to cut off fan at 30°C.
- ☐ Installation of Variable Frequency Drive (VFD) to control speed of motors in SEP-1 & SEP-2.
- ☐ Installation of low HP high efficiency redler in DOC section.
- ☐ Installation of Jet cleaning system for extractor resulting in reduction in shut down for maintenance.
- ☐ Installation of Hopper level controller in preparatory to eliminates tripping due to overflow.

REFINERY

- ☐ Installation of Temperature Controller in Cooling Towers of Refinery to cut off fan at 30°C.
- ☐ Installation of FRP Energy Saving Fans on Cooling Towers of Refinery,
- ☐ Modification and Relaying of water pipes in Refinery CCW Circuit to recirculate cooling water, reduce head loss and save power.
- ☐ Installation of energy saving water pumps. For DCW / CCW cooling towers.

Others

- ☐ Installation of Timers in Bore well motors (Qty 4) to reduce power consumption.
- ☐ Installation of Power correcting Capacitor Relay in Electrical Section.
- ☐ Installation of high efficiency feed water pump.
- ☐ Conversion of 10 TPH Thermax Boiler from normal Coal to High Calorific Value Pet-Coke.

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.

AUDITORS

M/s. Sodani and Company, Chartered Accountants, retire at the conclusion of this meeting and being eligible and offer themselves for re-appointment.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place- Dewas

Date: January 22, 2004.

Prakash Mutha
Managing Director

**VIPPY INDUSTRIES LTD.**

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30th Annual Report & Accounts 2003**ANNEXURES TO THE DIRECTORS' REPORT****ANNEXURE –A**

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 31,2003

Statement showing particulars with respect to conservation of energy.

Particulars	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
a. Purchased		
- Units	4910250	5298373
- Total Amount (Rs)	23402468	22842959
- Cost Per Unit (Rs)	4.77	4.31
b. Own Generation (through Diesel/LDO)		
- Generator Unit	2454017	596270
- Unit / liter of diesel Consumption	3.28	3.26
- Cost per Unit (Rs)	5.34	6.09
2. Coal		
- Quantity Consumed (in MT)	11789.41	9845
- Total Cost (Rs)	25059580	19462344
- Average Rate (Rs /MT)	2125.60	1977
3. Consumption per unit of Production		
- Electricity (Unit / MT)	49.07	55.00
- Coal (Kg / MT)	78.56	92.00
B. Export of Finished Products		
Foreign Exchange Earning (Including earning in foreign exchange on FOB basis of Rs. 367738783/-)	671314336	420520393
Outgo (Rs.)	1838190	7759704

For and on behalf of the Board of Directors

Place- Dewas

Date: January 22, 2004.

Prakash Mutha
Managing Director

CORPORATE GOVERNANCE**Company's Philosophy on Code of Corporate Governance**

The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its inter-actions with its shareholders, employees the government and lenders. The Company is committed to achieve the highest standards of corporate governance and believes that good corporate governance practices outlines the attitude and conduct of people managing the Company. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time and to ensure that :-

1. Adequate control systems exist to enable the Board to effectively discharge its responsibilities to all Stakeholders of the Company;
2. That the decision making process is fair and transparent.

The requirements of corporate governance adhered to during the year has been given under the relevant parameters as set out hereunder