

33rd  
Annual Report & Accounts  
2006-07

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**VIPPY INDUSTRIES LTD.**

*An ISO 9001:2000 Certified Company*



### *Our Tribute: :*

*Our respected Founder and Managing Director Shri Prakash Ji Mutha was an exceptional human being and an outstanding leader. A man far ahead of his times, he epitomized the dauntless entrepreneurial spirit.*

*From a modest beginning in 1973 with 60 TPD Extraction Plant, he continuously expanded the capacity & product range to 1375 TPD three solvent plants, 100 TPD Oil Refinery & other down stream products. He had the vision & passion to bring in most advanced technology & latest plant & machinery with focus on reduction in operating costs.*



7<sup>th</sup> Aug. 1944 - 21<sup>st</sup> Aug. 2006

*Even when the Company faced a difficult period from 2000 and was referred to BIFR, he encouraged the Vippy Family to struggle hard with confidence, courage and an unrelenting commitment to the goal of retrieving the Company from the hard times by stepping up production.*

*Despite his immobility, due to the Motor Neuron disease, he never failed to attend office and was always available for guidance & support. He worked till the last day & lived by the Motto - "Work is Worship".*

*It was him, the first Man in the World to have produced & exported Soyabean Meal with 60% protein & fat in 1975.*

*He was awarded 'Udyog Patra' by Hon'ble Vice President of India Shri B.D. Jatti in the 1978.*

*He was also awarded outstanding young Industrialist of Madhya Pradesh in 1983 by Jaycees.*

*He was instrumental in establishing Association of Industries Dewas and served as President & Chairman of AID. Many projects of immense value were initiated under his leadership and were successfully completed. Major projects which are witness to his perseverance are The Narmada Water Project, GAIL GAS Pipe Line and the Aside Scheme for infrastructure development of industrial area. He worked with his colleagues at AID to build Dewas as a Leading Industrial Township of India.*

*He was always available for all social causes through Lions Club International and held various positions in the same. He donated blood over 100 times.*

*We were fortunate to have had him to lead the Company for over 30 years. His obsession for perfection, humanity, prodigious capacity to motivate & trust people, endless patience & courage, concern for his team, strong willpower & fighting spirit, vision, will continue to guide and inspire future generation at Vippy. We are proud & privileged to inherit this invaluable legacy.*

*From all Vippy Family*





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**Board of Directors**

SHRI RAHUL MUTHA, Managing Director

SHRI SAJEVE DEORA, Director

DR. K. A. SAVAGAON, Director

SHRI K. B. SINGH, Director

**Financial Institutions**

The Industrial Finance Corporation of India Ltd.

The Kotak Mahindra Bank Limited

**Auditors**

M/s. Sodani & Company

**Registrar & Share Transfer Agent**

Ankit Consultancy Pvt. Ltd.,  
2nd Floor, Alankar Point,  
Geeta Bhawan Chouraha,  
A.B. Road, Indore

**Cost Auditors**

M/s. M. Goyal & Company

**Registered Office**

28, Industrial Area,  
A.B. Road,  
Dewas 455 001 (M.P.)  
07272-258545,6 Fax 07272-258552

**Company Secretary**

Shri Prakash Chakrawarti

**Works Office**

28, 29 & 30 Industrial Area,  
A. B. Road, Dewas 455 001 (M.P.)  
07272-258545,6 Fax 07272-258552

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*33rd Annual Report & Accounts 2006-07***NOTICE**

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held on Saturday the 22nd day of September, 2007 at 11.00 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 Audited Balance Sheet as at March 31, 2007 and the Profit and Loss Account for the year ended on that date and Reports 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 a Director in place of Shri K.B.Singh who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Sodani & Company, Chartered Accountants, as Auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED THAT subject to the provisions of Section 198/269/309/310/311/314/316/317 and all other applicable provisions of the Companies Act, 1956 and provisions of schedule XIII and subject to the approval of the Central Government, the approval of the Company be and is hereby granted for appointment of Shri Rahul Mutha as a Managing Director of the Company for the period of 2 years from 30/06/2007 to 29/06/2009 and be paid the following remuneration even though the Company has no profit or in-adequacy of profit in any year during the tenure of his appointment.

- 1) **Salary :** Rs.75000/- per month in the salary grade of 5000-80000.
- 2) **Perquisites:** Perquisites shall be restricted to an amount equal to Rs.3,00,000/- per annum as detailed in categories 'A', 'B' & 'C'.

**CATEGORY 'A':**

- (a) **Housing :** House Rent Allowance 60% of the salary. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 which shall be subject to a ceiling of 10% of salary.
- (b) **Medical Reimbursement :** Medical expenses incurred by him and his family shall be reimbursed to him subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (c) **Leave Travel Concession :** For him and his family, once in a year, incurred in accordance with the Rules specified by the Company.
- (d) **Club Fees :** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (e) **Personal Accident Insurance :** Benefit of a personal accident insurance of an amount, the premium of which does not exceed Rs. 5000/- per annum.

**Explanation:** For the purpose of Category 'A' above 'Family' means the spouse, dependent children and dependent parents of the Director.

**CATEGORY 'B':**

- (a) **Provident Fund etc.:** Contributions to Provident Fund and Superannuation Fund or Annuity Fund to be in accordance with the practice, Rules and Regulations in force, from time to time.

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The contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling of the perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

- (b) **Gratuity:** Not exceeding half a month's salary for every completed year of service.
- (c) The Managing Director will also be allowed to take Earned/Privilege Leave on full pay and allowance as per rules of the Company, but not more than six weeks leave for every 12 months of service. However, leave accumulated but not availed of, will not be allowed to be encashed.

**CATEGORY 'C':**

- (a) The Company shall provide a Car with driver, a mobile and a telephone at the Managing Director's residence. Provision of a Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephones, mobiles and use of a Car for private purpose shall be billed by the Company to the Managing Director.

"RESOLVED FURTHER THAT the above salary / perquisites shall be restricted to the maximum amount as per schedule XIII of the Companies Act, 1956 or as may be approved by the Central Government, if required, whichever is less".

"RESOLVED FURTHER THAT the Managing Director shall not be paid any sitting fee for attending any meeting of the Board of Directors or a Committee thereof."

"RESOLVED FURTHER THAT the Managing Director shall also be Chief Executive Officer of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised with liberty and powers to the Board of Directors to increase, reduce, alter or vary the terms and conditions of remuneration in such manner as the Board may deem fit with in the limit specified in the Schedule XIII of the Companies Act, 1956 as existing or as amended modified or re-enacted from time to time."

"RESOLVED FURTHER THAT for the purpose of giving affect to this resolution the Board of Directors be and are hereby authorised to do all such acts, deeds, matters, and things, as they may in their absolute discretion deem necessary expedient usual and proper".

- 6. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and all other applicable provisions if any , the Articles of Association of the Company be and is hereby amended and altered by inserting the following new clause after the existing clause No. 6 as 6A of the Article of Association under the headings "ISSUE OF WARRANTS CONVERTIBLE INTO EQUITY SHARES":

- 6A (i) Subject to the provisions of the SEBI (Disclosure and Investors Protection) Guidelines as may be applicable from time to time and with the consent of the Members of the Company at a General Meeting by way of Special Resolution , the Board of directors of the Company or a Committee thereof duly authorized by the Board of directors may issue and allot Warrants convertible into the Equity shares on such rate, terms and conditions to the existing shareholders, general public, or on preferential basis to the promoters, directors, bodies corporate, banks ,financial institutions, OCBs , NRIs or such other persons from time to time, as it may think fit . Board of Directors of the Company shall be authorized to make provisions as to the allotment and issue of Warrants and in particular may determine to whom the same shall be offered whether at par or at premium subject to the provisions of the Companies Act,1956 and shall all the applicable provisions of the SEBI Guidelines.
- (ii) the Board may convert warrants into equity shares on the exercise of the option at such rates(including premium, if any), terms and conditions as determined by the Board and in

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accordance with the guidelines issued by the SEBI, Stock Exchange, Central Government or other authorities.

- (iii) the board may from time to time subject to the terms on which any warrants convertible into equity shares may have been issued make call upon the warrants holders in respect of the balance amount unpaid on the warrants held by them respectively at the time of providing option for conversion of warrants into the equity shares of the Company and shall be payable at such fixed times by the warrants holder who shall pay the amount of the call made on them at time and places appointed by the Board. In case of failure to exercise the option and make payment thereof, the amount so deposited at the time of allotment of warrant shall be forfeited by the Board.
- (iv) the Equity Shares allotted after conversion of warrants into equity shares shall be subject to the provisions of the Companies Act, 1956, SEBI guidelines, and the Memorandum and Articles of Association of the Company and shall have pari passu rights with the existing shares of the Company and shall also be entitled for all the corporate benefits, like, rights/bonus issue of share, dividend, etc.

By order of the Board of Directors

Place: Dewas  
Date: 30<sup>th</sup> June, 2007

**Prakash Chakrawarti**  
Company Secretary

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company.
2. The instrument appointing proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before commencement of the meeting.
3. An Explanatory statement pursuant to section 173 (2) of the Companies Act 1956, relating to special business to be transacted at the meeting is annexed hereto and the papers/ documents referred to therein are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of meeting.
4. The register of members and share transfer books will remain closed from Friday, 14th September, 2007 to Saturday, 22nd September, 2007 (Both days inclusive) for the purpose of Annual General Meeting.
5. Members are requested to notify immediately any change of address to their Depository Participant (DPs) in respect of their electronic share accounts and to the Company at Registered Office in respect of their physical share folio, if any.
6. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. All the Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
8. Brief resume of Directors who will be reappointed in ensuing Annual General Meeting are provided in the report on Corporate Governance forming part of the Annual Report.

By order of the Board of Directors

Place: Dewas  
Date: June 30th, 2007

**Prakash Chakrawarti**  
Company Secretary

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**33rd Annual Report & Accounts 2006-07****EXPLANATORY STATEMENT**

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

**Item No.5**

As the members are aware that the office of the Managing Director was vacant after the sad demise of Shri Prakash Mutha, Managing Director of the Company. Therefore the Board of Directors of the Company decided at their meeting held on 30/06/2007 to appoint Shri Rahul Mutha as a Managing Director of the Company, shall also be Chief Executive Officer of the Company.

He was appointed as additional director of the company on 01/02/1992, and the members are also aware that at the 18th Annual General Meeting of the Company held on 28th day of Sept.1992, they had accorded their approval and consent to the appointment of Shri Rahul Mutha as director of the Company. Subsequently, Shri Rahul Mutha had been appointed as a Joint Managing Director of the Company.

He is Master of Commerce (M.Com) and possesses vast experience in the field of Finance and Marketing. He has more than 21 years experience in Soya Industry .The Board of Directors of the Company keeping in view the present scenario, size and nature of the operation of the company and vast experience of Shri Rahul Mutha in the Soya Industry, decided in their meeting held on 30/06/2007 to appoint him as Managing Director of the company, subject to the consent of the shareholders and approval of Central Government for a period of 2 years from 30/06/2007 to 29/06/2009 on the remuneration and perquisites payable to him as described in the resolution. Managing Director shall also be Chief Executive Officer of the Company.

Your Directors recommend the resolution for your approval.

Except Shri Rahul Mutha none of the directors of the Company is any way concerned or interested in the resolution.

The contents of the Resolution along with explanatory statement shall be deemed to be an abstract of the terms and conditions of terms of appointment of Shri Rahul Mutha as Managing Director ,under Section 302 of the companies act, 1956 and Memorandum of interest in that regard.

**Item No.6**

New Clause No. 6A proposed to be inserted after the existing clause No. 6 of Articles of Association, to reflect and to incorporate the provisions relating to the issuance of warrants convertible into Equity Shares of the Company and to make provisions for pari passu rights with the existing shares of the Company and shall also be entitled for all the corporate benefits, like, rights/bonus issue of share, dividend, etc.,for which it is required to seek approval of members by way of Special Resolution.

A draft copy of the Memorandum and Articles of association of the Company after making proposed amendments have been kept at the Registered Office for inspection.

Your Directors recommend the resolution for your approval.

None of the directors of the company is, in any way concerned or interested in these resolutions except, as a member of the Company.

By order of the Board of Directors

Place: Dewas  
Date: June 30th, 2007

**Prakash Chakrawarti**  
Company Secretary



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**33rd Annual Report & Accounts 2006-07****DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 33rd Annual Report and Audited Statement of Accounts for the financial year ended 31st March 2007.

**FINANCIAL RESULTS**

The summary of the financial highlights for the financial year ended 31st March, 2007 is given below:

Rs in Lacs

Particulars	For the year ended March 31 <sup>st</sup> , 2007	For the year ended Dec. 31 <sup>st</sup> , 2005
Profit before interest & depreciation	559.92	268.54
Less: Interest for the year	340.47	972.24
Profit before depreciation	219.45	(703.70)
Less: Depreciation	406.14	317.42
Profit (Loss) for the year	(186.69)	(1021.12)
Add /(Less): Prior period adjustment	2.91	6.38
Add/(Less): Provision for fringe benefit tax	2.58	0.90
Net loss for the year	(192.18)	(1015.64)
Profit brought forward from Profit and Loss Account	(5562.57)	(14368.15)
Balance carried to Balance Sheet	(5754.75)	(15383.79)

**FINANCIAL YEAR**

The Financial Year of the company which ends on 31st December, 2006 has been extended upto 31st March 2007 (i.e. 15 months) and the Financial Year of the company will close on 31st March every year in future (i.e. 12 months).

**DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- That the Directors have selected such accounting policies and applied them consistently and made judgments 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.
- That 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.
- That the Directors have prepared the annual accounts on a going concern basis.

**STATUS BEFORE THE HON'BLE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)**

The Company's proposal is under consideration before Hon'ble BIFR. In the meanwhile, the Company continues to carry on its effort to revive & restructure its operations in order to achieve long term viability.

**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 there under.



**VIPPY INDUSTRIES LTD.***An ISO 9001:2000 Certified Company**33rd Annual Report & Accounts 2006-07***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, machinery's, stocks, stores and spares are adequately insured against various risks including machinery breakdowns.

**DIRECTORS**

Your Directors regret to report the sad demise of Shri Prakash Mutha, Managing Director of the Company, on 21.08.2006. He was one of the Promoter Director of the Company. He had devoted his entire tenure for the growth of the Company. His brave and determinate efforts in bringing up the business to this stage speaks of his excellence.

The board of Directors wishes to place on record, appreciation of service tendered by him during his tenure of the office as Managing Director.

Shri Rahul Mutha and Shri K.B.Singh retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

The office of the Managing Director was vacated after the sad demise of Shri Prakash Mutha, Managing Director of the Company. The Board of Director of the Company has appointed Shri Rahul Mutha as a Managing Director of the Company w.e.f 30.06.2007

The appointment of Shri Rahul Mutha as Managing Director of the company, will enable the company to have stronger board to meet the new challenges ever changing in the business environment and growing competition in international operations.

The brief resumes of the Directors seeking appointment and re-appointment are provided in the Corporate Governance Report forming part of Annual Report.

**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.

**CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

Information as per section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure – A forming part of this report.

**CORPORATE GOVERNANCE**

Your Company is 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.

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, separate section titled "Corporate governance" has been included in the Annual Report, along with the reports on Management discussion and Analysis and Additional shareholder Information.

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2006-2007. A declaration to this effect signed by the Managing Director/CEO of the company is annexed to annual report.

The Managing Director and Chief Financial Officer (CFO) have certified to the board with regard to the

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financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is annexed to annual report.

A certificate as required under clause 49 (VII) of Listing Agreement, for compliance of conditions stipulated in the Listing Agreement, obtained from the M/s. Shipesh Dalal & Co., Company Secretary in Practice and annexed herewith Director's Report.

**AUDITOR'S REPORT**

The observations made in the Auditor's Report, read together with the relevant notes thereon, are self-explanatory and hence do not call for any comments under section 217 of the companies Act, 1956.

**AUDITOR'S**

M/s. Sodani & Co., Chartered Accountants, retires at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Auditors, if reappointed. A Certificate under section 224(1B) has been obtained from them. The Audit Committee and the Board of Directors recommend M/s. Sodani & Co. as Statutory Auditors of the Company for the financial year 2007-08.

**COST AUDIT**

Pursuant to section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company's product i.e. Refined Oil.

Subject to the approval of the Central Government, the Board has appointed M/s. M. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors of the Company for the Financial Year 2007-08.

The Cost Audit is under process and the Company will submit the Cost Auditor's report to the Central Government within stipulated statutory period.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the valuable assistance and co-operation extended by the shareholders, soybean growers, suppliers, banks, financial institutions and Government Authorities.

We also acknowledge the significant contribution made by the employees through their dedication, hard work and commitment.

For and on behalf of the Board of Directors

Place: Dewas  
Date: June 30th, 2007

**Rahul Mutha**  
Managing Director

**Dr. K.A. Savagaon**  
Director