

34th  
Annual Report & Accounts  
2007-08



**VIPPY INDUSTRIES LTD.**

*An ISO 9001:2000 Certified Company*


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**34th Annual Report & Accounts 2007-08**

<b>BOARD OF DIRECTORS</b>	: SHRI RAHUL MUTHA (Managing Director) Dr. K. A. SAVAGAON (Director) SHRI K. B. SINGH (Director) SHRI SAJEVE DEORA (Director) SHRI PRANEET MUTHA (Director)
<b>AUDITORS</b>	: M/s. SODANI & COMPANY Chartered Accountants
<b>COST AUDITORS</b>	: M/s. M. GOYAL & COMPANY
<b>COMPANY SECRETARY</b>	: SHRI PRAKASH CHAKRAWARTI
<b>REGISTERED OFFICE</b>	: 28, Industrial Area , A.B. Road, Dewas- 455 001 (M.P.) 07272-258545,6 Fax 07272-258552
<b>WORKS OFFICE</b>	: 28, 29 & 30, Industrial Area, A. B. Road, Dewas - 455 001 (M.P.) 07272-258545,6 Fax 07272-258552
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	: ANKIT CONSULTANCY PVT. LTD. 2nd Floor, Alankar Point, Geeta Bhawan Chouraha, A.b. Road, Indore-452001(M.P.)

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**NOTICE**

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Company will be held on Saturday, the 27<sup>th</sup> day of September, 2008 at 2.00 P.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<sup>st</sup>, 2008 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 Dr. K. A. Savagaon who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sajeve Deora 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, the following resolution as an Ordinary Resolution:

**“RESOLVED** that Shri Praneet Mutha, who was appointed as an additional director of the Company by the Board of Directors, on 31.10.2007 pursuant to Section 260 of the Companies Act, 1956, and Article 93(a) of the Articles of Association of the Company and who holds office upto the date of Annual General Meeting, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board  
For **Vippy Industries Ltd.**

Prakash Chakrawarti  
Company Secretary

Dewas, June 30<sup>th</sup>, 2008

**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 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, 19<sup>th</sup> September, 2008 to Saturday, 27<sup>th</sup> September, 2008 (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's Registrar and Share Transfer Agent (RTA), M/s. Ankit Consultancy Pvt. Ltd., 2<sup>nd</sup> Floor, Alankar Point, Geeta Bhawan Chouraha, A.B.Road, Indore-452001(M.P.) in respect of their physical share folio, if any.
6. Members/proxies who wish to attend the meeting are requested to bring attendance slip sent herewith, duly filled in, and the copy of the Annual Report. Copies of the Annual Report will not be distributed at the meeting.


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**EXPLANATORY STATEMENT**

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

**Item No.5**

Shri Praneet Mutha was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 93(a) of the Articles of Association of the Company and to hold office upto the date of this Annual General Meeting. Notice in writing has been received from a member alongwith the prescribed deposit under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Praneet Mutha as a candidate for the office of Director.

Shri Praneet Mutha is not disqualified from being appointed as Director in terms of Section 274(1) (g) of the Act. The Company has received the requisite Form 'DD-A' from him in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Shri Praneet Mutha has also complied with the requirements of obtaining the Director Identification Number in terms of Section 266A of the Act.

Shri Praneet Mutha, is 36 years old and a post graduate in Commerce. Mr. Praneet Mutha has experience of 13 years in the field of Finance and Marketing.

In view of his experience in the areas of finance and marketing, it will be in the interest of the Company that Shri Praneet Mutha is appointed as a Director, who, if appointed, shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

Except Shri Praneet Mutha, none of the directors is any way concerned or interested in the resolutions.

Your Directors recommend the resolution for your approval.

**By Order of the Board  
For Vippy Industries Ltd.**

**Prakash Chakrawarti  
Company Secretary**

Dewas, June 30<sup>th</sup>, 2008

**VIPPY INDUSTRIES LTD.**

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*34th Annual Report & Accounts 2007-08***DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 34<sup>th</sup> Annual Report of the Company along with Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS**

The summary of the financial highlights for the financial year ended 31<sup>st</sup> March, 2008 is given below:

(Rs. In Lacs )

Particulars	For the year Ended March 31, 2008 (12Months)	For the year Ended March.31, 2007 (15 Months)
Total Income	54293.69	47192.40
Profit before interest & depreciation	796.35	559.92
Less: Interest for the year	194.09	340.47
Profit before depreciation	602.26	219.45
Less: Depreciation	333.06	406.14
Profit (Loss) for the year	269.20	(186.69)
Add /(Less): Prior period adjustment		2.91
Add/(Less): Provision for fringe benefit tax	1.60	2.58
Net Profit (Loss) after tax for the year	267.60	(192.18)
Profit/(Loss) brought forward from Profit and Loss Account	(5754.75)	(5562.57)
Balance carried to Balance Sheet	0	(5754.75)

Note : ( Figures for the previous period are for fifteen months and therefore are not strictly comparable with the current period of twelve months).

**BUSINESS PERFORMANCE**

During the year under review, the sales and other income of your company have increased to Rs. 54293.69 Lacs as against Rs. 47192.40 Lacs in the previous year. The Company's Profit after tax increased to Rs. 267.60 Lacs during the year ended March 31,2008 as compared to Loss of Rs. 192.18 Lacs suffered during the year ended March 31,2007.

**DIVIDEND**

In view of the need for conservation of resources, your directors regret their inability to recommend any dividend for the year under review.

**FORFEITURE OF SHARES**

During the year under review, the Company has forfeited 7,51,139 equity shares of Rs.10/- each due to non payment of allotment money. The Board of Directors has also decided not to re-issue the said 7,51,139 forfeited equity shares and to cancel the same. And consequently, the Issued Equity Share Capital of the Company has been reduced from 1,13,28,735 equity shares of Rs. 10/- each to 1,05,77,596 Equity Share of Rs. 10/-each.

**PUBLIC DEPOSITS**

The Company has not accepted / invited any deposits in terms of Section 58A of the Companies Act, 1956 and rules made there under.

**INSURANCE**

The Company's buildings, machinery's, stocks, stores and spares are adequately insured against various risks including machinery breakdowns.



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### ORDER PASSED BY BIFR FOR REHABILITATION OF THE COMPANY

Consequent to the reference made by the Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, the Board For Industrial And Financial Reconstruction (BIFR) had vide its Order dated 4<sup>th</sup> October, 2007, sanctioned a scheme for rehabilitation of the Company and the salient features of the Scheme are:

- Reduction of the share capital of the Company by 90% of the face value of shares.
- Reclassification of the Authorised Share Capital of the Company.
- Induction of funds by Promoters by way of Convertible Warrants for Rs. 15 Crores.

Incompliance of the said Order, the Board of Directors have taken the following steps:

#### (i) Reduction of Share Capital

The existing equity share capital of the Company has been reduced by 90% by way of reduction of the face and paid up value of the equity share from Rs. 10/- each to Re. 1/- per share, with the number of shares remaining the same.

#### (ii) Reclassification of the Authorised Share Capital of the Company

The Authorised Share Capital reclassified into 25,00,00,000 (Twenty Five Crores) Equity Shares of Re. 1/- (Rupee One) each.

#### (iii) Induction of funds by Promoters by way of Convertible Warrants for Rs. 15 Crores

Consequent upon receipt of 10% of the amount payable, the Board of Directors in its meeting held on January 10, 2008 issued 15,00,00,000 Convertible Warrants of face value of Re. 1/- each convertible into equal number of fully paid up equity shares within 18 months from the date of allotment, on preferential basis to the promoters.

Since then, the allottees have exercised the option for conversion of 5 Crores warrants into equity shares and accordingly, 5,00,00,000 equity share of the face value of Re. 1/- each have been allotted by the Board of Directors.

### DIRECTORS

At the meeting of the Board of Directors of the Company held on October 31<sup>st</sup>, 2007 the Board appointed Shri Praneeet Mutha as additional director of the company with effect from October, 31<sup>st</sup>, 2007. A Notice has been received under section 257 of the Companies Act, 1956 from a shareholder proposing Shri Praneeet Mutha as a Director of the Company.

Dr. K.A. Savagaon and Shri Sajeve Deora are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

The Profile of the Directors seeking appointment / re-appointment is provided in the Corporate Governance Report forming part of Annual Report.

### DIRECTOR'S RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) 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.
- iii) 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.
- iv) That the Directors have prepared the annual accounts on a going concern basis.

### PARTICULARS OF EMPLOYEES

Provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 (as amended) 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 General Shareholder Information.

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2007-2008. A declaration to this effect signed by the Managing Director/CEO of the company is annexed to annual report.

The Managing Director/CEO and Chief Financial Officer (CFO) have certified to the board with regard to the 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 of Listing Agreement, for compliance of conditions stipulated in the Listing Agreement, obtained from the M/s. Shilpesh Dalal & Co., Company Secretary in Practice, form a part of the Annual Report.

## **AUDITORS**

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 2008-09.

## **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 2008-09. The Cost Audit is under process and the Company will submit the Cost Auditor's Report to the Central Government within stipulated statutory period.

## **INDUSTRIAL/SOCIAL RELATIONS**

The Board place on record their appreciation for the support and co-operation your company has been receiving from soyabean growers/suppliers, wholesaler, various customers and others associated with the company. Relations between the employees and management remained cordial.

## **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank all investors, clients, vendors, banks, financial institutions, regulatory authorities, government authorities and stock exchanges, for their continued supports. Yours Directors wishes to express its gratitude and record its sincere appreciation of the dedicated efforts of all the employees, their commitment and professionalism despite the challenging environment.

For and on behalf of the Board of Directors

Dewas, June 30<sup>th</sup>, 2008

**Rahul Mutha**  
Managing Director

**Praneet Mutha**  
Director


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**ANNEXURE TO THE DIRECTORS' REPORT**
**ANNEXURE -A**

Information as per section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Director's) Rules, 1988 and forming part of the Director's Report for the year ended 31<sup>st</sup> March 2008.

**(I) CONSERVATION OF ENERGY**
**(a) Energy conservation measures taken:**

- I. Two Flakers of 500 mm dia and 1300 mm length replaced with one of 600 mm dia and 1300 mm length rolls in old prep.
- II. Variable frequency drive installed on deaerator pump drive in refinery for flow control.
- III. Installation of draft control system in FBC Boiler.
- IV. Increased Capacity of old 10 TPH boiler to 12 TPH .

**(b) Additional investment and proposal for reduction in consumption of energy: NIL**
**(c) Impact of measures in (a) and (b) above for reduction in on energy consumption and consequent impact on cost of production .**

- I. Installation of 600 mm dia and 1300 mm flaker saved power consumption by 552 units/day.
- II. Installation variable frequency drive save 50 units /day electricity consumption in oil Refinery.
- III. Installation of draft control system in FBC boiler resulted in saving of 1.7 MT. of coal per day.

**(d) Total energy consumption and energy consumption per unit of production:**
**FORM -A**

Particulars with respect to conservation of energy

	Current Year ended on 31.03.2008	Previous Year ended on 31.03.2007
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a. Purchased		
Units	12766786	14274900
Total Amt. (Rs.)(excluding cess)	56016728	59870693
Rate/ unit (Rs.)	4.39	4.19
b. Own Generation		
(i) Through Diesel Generator		
Units	154340	882200
Units / liter of diesel oil (Rs.)	3.23	3.37
Cost / Unit (Rs.)	12.40	8.65
(ii) Through Steam Turbine/Generator	-	-
<b>2. Coal</b>		
Quantity Consumed (in MT)	22022.15	25066.10
Total Cost (Rs.)	71814238.00	84388829.00
Average Rate (Rs./MT)	3261.00	3366.65
<b>3. Furnace Oil</b>	-	-
<b>4. Others /internal generation</b>	-	-
<b>B. Consumption per unit of production</b>		
Electricity (Unit/MT)	47.21	48.24
Furnace Oil	-	-
Coal (Kg/MT)	80.46	79.77
Others		




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**II. TECHNOLOGY ABSORPTION**
**FORM -B**
**Form of disclosures of particulars with respect to absorption:**
**(A) RESEARCH & DEVELOPMENT:**

The Company is not carrying any R & D in special area; however company is continuously engaged in improvement of upgradation of its products

R & D Expenditure: N.A.

**(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

1. Efforts in brief made towards technology absorption, adoption and innovation.	The Company has been putting emphasis to train its technical personnel on the latest technology available for upgradation of production process.
2. Benefits derived as a result of the efforts.	The efforts have improved the quality of the product with higher productivity. It has also reduced the cost.
3. In case of imported technology during the last 5 years.	Not Applicable

**III. FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars	Amount (in Rs.)	Amount (in Rs.)
1. Earning (Rs.) (on FOB Basis)	812872480	701216718
2. Outgo (Rs.)	5868528	2269635

For and on behalf of the Board of Directors

**Rahul Mutha**  
Managing Director

**Praneet Mutha**  
Director

Dewas, June 30<sup>th</sup>, 2008


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## 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, government and lenders. The Company is committed to achieve the highest standards of corporate governance and believes that good corporate governance practice 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 shareholder 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.

### Board of Directors

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information is placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company.

### Composition of the Board

The Board of Directors of your Company represents an optimum mix of professionalism, knowledge and experience. As on 31<sup>st</sup> March, 2008, the total strength of the Board of Directors of the Company is five out of whom more than 50% are Independent. The number of non-executive Director is also more than 50% of the total number of Directors. as per details given hereunder.

Name of Directors	Category	Designation
Shri Rahul Mutha	Promoter -Executive	Managing Director
Dr.K.A. Savagaon	Independent - Non Executive	Director
Shri K.B. Singh	Independent - Non Executive	Director
Shri Sajeve Deora	Independent - Non Executive	Director
Shri Praneet Mutha	Promoter - Non Executive	Director

### Information on director's appointment /re-appointment as required under clause 49 of the Listing Agreement.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Dr. K.A. Savagaon and Shri Sajeve Deora , the Directors, are due to retire at the forthcoming Annual General Meeting , and being eligible , have offered themselves for re-appointment.

Shri Praneet Mutha was appointed as additional director w.e.f 31.10.2007.A Notice has been received under section 257 of the Companies Act, 1956 from a shareholder proposing Shri Praneet Mutha as a Director of the Company.

The Profile of the Members of the Board of Directors being appointed /reappointed is given below:

**Dr. K.A. Savagaon**, aged 72, graduated with B.Sc. (Hons.) with Physics & Chemistry and B.Sc. (Tech.) with food technology, and is also Ph.D. in Biochemistry. He is on the Board of Company since June 08, 2001. He has wide experience in food industries & food technology. He has been recognized as "National Expert" in food Science & Technology by the Department of Science & Technology, Government of India. He has participated in various National & International Seminars/ Symposia, held in India and abroad and has also acted as Demonstrator & Lecturer in International Training Course on Food Irradiation. He has been a faculty member on training courses conducted by the Indian Institute of Packaging and Ruia College.

**Shri Sajeve Deora** is qualified as a Chartered Accountant having more than 25 years of experience in the field of negotiating, structuring and concluding change of Shareholding and Management of Business, None