

*37<sup>th</sup>  
Annual Report & Accounts  
2010-11*



**VIPPY INDUSTRIES LTD.**

*An ISO 9001:2008 Certified Company*

**Board of Directors**

: Shri Rahul Mutha (Managing Director)  
Shri Praneet Mutha (Executive Director)  
Dr. K. Savagaon  
Shri Sajeve Deora

**Auditors**

: M/s. Sodani & Company  
Chartered Accountants

**Cost Auditors**

: M. Goyal & Company

**Company Secretary**

: Prakash Chakrawarti

**Registered Office**

: 28, Industrial Area,  
A.B. Road, Dewas- 455001 (M.P.)  
Phone: 07272-258545-6  
Fax: 07272-258552

**Works Office**

: 28, 29 & 30 Industrial Area,  
A.B. Road, Dewas -455001 (M.P.)  
Phone: 07272-258545-6  
Fax: 07272-258552

**Registrar & Share Transfer Agent**

: Ankit Consultancy Pvt. Ltd.  
60, Electronic Complex,  
Pardeshipura, Indore (M.P.) - 452010  
Ph. 0731-3198601-602, 2551745-46, Fax. 4065798  
e-mail: ankit\_4321@yahoo.com

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**NOTICE**

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the Company will be held on Friday, 30<sup>th</sup> day of September, 2011 at 2.00 p.m. at the Registered Office of the Company situated at 28, Industrial Area, A. B. Road, Dewas-455001 (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>, 2011 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 Sajeve Deora who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Sodani & Company, Chartered Accountants (Firm Registration No. 000880C), 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**

4. To Consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:

**“RESOLVED THAT** the members of the company hereby accorded their approval to the re-appointment of Shri Rahul Mutha as a Managing Director not liable to retire by rotation for the period from 30.06.2011 to 31.03.2013 on the remuneration and terms and conditions mentioned in the explanatory statement annexed hereto.”

**“RESOLVED FURTHER THAT** the remuneration as set out in the enclosed explanatory statement be paid as minimum remuneration to Shri Rahul Mutha notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profit or profits are inadequate.

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to increase, reduce, alter or vary the terms of remuneration in such manner from time to time as the board may deem fit.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorised to do all such act, deeds, matters and other things, as they may in their absolute discretion deem necessary expedient usual and proper.

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

Prakash Chakrawarti  
Company Secretary

Dewas, 30<sup>th</sup> May, 2011

**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.
4. The register of members and share transfer books will remain closed from Friday, 23<sup>rd</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (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., 60, Electronic Complex, Pardeshipura, Indore (M.P.) - 452010, 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.
7. Brief resume of directors seeking appointment/re-appointment in ensuing annual general meeting are provided in the Report on Corporate Governance forming part of the Annual Report.

**EXPLANATORY STATEMENT**

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

**Item No. 4**

The Remuneration Committee of the Board of Directors has considered and recommended for the re-appointment of Shri Rahul Mutha as a Managing Director w.e.f. 30<sup>th</sup> June 2011 for the period from 30.06.2011 to 31.03.2013. The Board of Directors considered that under his dynamic leadership, initiatives and directions, the Company has benefited in its overall operations since he is managing Director of the Company. He is the key factor behind the overall growth and success of the Company. His devotion, vision and experience are essential for the continuing growth of the Company. Hence the Board of Directors recommend the resolution for the reappointment of Shri Rahul Mutha for the period from 30.06.2011 to 31.03.2013 for the approval of member in ensuing Annual General Meeting of the Company on the following terms and conditions :

- a) Basic Salary: ₹ 2,00,000/- (Rupees Two Lacs) per month in the scale of ₹ 2,00,000/- ₹ 50,000/- ₹ 2,50,000/-.
- b) Expenditure incurred by the Managing Director on Water & Electricity at residence will be provided by the company and shall be valued as per the Income Tax Rules 1962.
- c) Leave Travel Concession: Reimbursement once in a year subject to maximum of one month's Salary.
- d) Medical Allowance: Reimbursement during the year subject to a ceiling of one month's salary.
- e) Contribution to provident fund or superannuation fund or annuity fund to the extent not taxable under the Income Tax Act.
- f) Gratuity at the rate of half a month's salary for each completed year of service.
- g) Payment of Club Fees subject to a maximum of two clubs excluding life membership fees.
- h) Free Telephone and mobile facility at residence for official use.
- i) Free use of one car with driver for official use.
- j) Payment of annual premium for personal accident insurance subject to maximum of ₹ 25000/- per annum.
- k) Medical Insurance: Annual Premium for medical insurance for self & his family subject to maximum of ₹ 75000/- per annum.

**Note:**

Sitting fees will not be paid for attending meetings of the board of directors or committee thereof.

The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Shri Rahul Mutha, as required under section 302 of the Companies Act, 1956.

**Memorandum of Interest**

Except Shri Rahul Mutha himself, no other Directors are concerned or interested in the resolution.

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

Prakash Chakrawarti  
Company Secretary

Dewas, 30<sup>th</sup> May, 2011

**DIRECTORS' REPORT**

Dear Members,

The Directors of the Company are pleased to present the 37<sup>th</sup> Annual Report, together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS**

The summary of the financial highlights for the financial year ended 31<sup>st</sup> March, 2011 are given hereunder:

(₹ In Crores)

<b>Particulars</b>	<b>Current Year 2010-11</b>	<b>Previous Year 2009-10</b>
Total Income	766.93	735.61
Profit before interest & depreciation	21.66	14.07
Less: Interest for the year	1.80	0.29
Profit before depreciation	19.86	13.78
Less: Depreciation	3.90	3.74
Profit before tax for the year	15.96	10.04
Add / (Less): Provision for taxes	(3.30)	(0.62)
Net Profit/ (Loss) after tax for the year	12.66	9.42

**OPERATIONAL REVIEW**

During the year under review, the total income of the company increased to ₹ 766.93 Crores from ₹ 735.61 Crores in the previous year. The Profit after tax is increased to ₹ 12.66 Crores as compared to ₹ 9.42 Crores last year registering growth of 34.40 % during this period.

**DIVIDEND**

In view of the need for conservation of resources, your directors have not recommended any dividend for the year under review.

**DIRECTORS**

Shri Rahul Mutha has been re- appointed as a Managing Director w.e.f. 30.06.2011 for the period from 30.06.2011 to 31.03.2013. Shri Sajeve Deora, Director of the Company retiring by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting.

**PARTICULARS OF EMPLOYEES**

The Company did not have any employees during the year drawing remuneration attracting the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 (as amended).

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

The particulars as prescribed under 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.

**PUBLIC DEPOSITS**

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

**INSURANCE**

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

**ENVIRONMENT, POLLUTION CONTROL MEASURES & SAFETY**

Your Company gives importance to pollution control and environment protection and efforts are made at each stage of manufacture to maximize recovery, conserve water and to minimize effluents and emissions. As your company has complied with various emission standards and other environmental requirements as per pollution control norms, company provides all types of safety to employees of the company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of section 217 (2AA) of the Companies Act, 1956, yours 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 at end of the financial year and of the profit of the Company for that period.
- 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.

**CORPORATE GOVERNANCE**

The 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 Listing Agreement with Bombay Stock Exchange Ltd. a Report on Corporate Governance and certificate from the M/s.Shilpesh Dalal & Co., Company Secretary in Practice thereon form a part of Annual Report.

**IMPLEMENTATION OF REHABILITATION SCHEME SANCTIONED BY HON'BLE BIFR**

A writ petition filed by the Company in Nov. 2008 under Article 226 of the Constitution of India before Hon'ble High Court of M.P to implement the rehabilitation scheme sanctioned by Hon'ble BIFR vide its order dt. 04.10.2007 for direction to Assistant Commissioner of Commercial Tax & others, to comply with the terms of the scheme framed by the Hon'ble BIFR for revival of the company and stay granted from recovery of the tax. Another writ petition filed by the Company in July 2010 under Article 226 of the Constitution of India before Hon'ble High Court of M.P and seeks a direction against the State of Madhya Pradesh for comply the reliefs and concession as contemplated by directions of Hon'ble BIFR contained in the rehabilitation scheme.

The Commissioner Commercial Tax filed writ petition before Hon'ble High Court of M.P. against the order of Hon'ble AAIFR dt. 25.08.2008, but the Hon'ble High Court vide its order dt. 23.09.2009 has revert back to the matter before Hon'ble AAIFR. & the matter is pending before the Hon'ble AAIFR.

**AUDITORS**

M/s. Sodani & Company, Chartered Accountants (Firm Registration No.000880C), the Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Audit Committee and the Board of Directors recommend M/s. Sodani & Company, as Statutory Auditors of the Company for the financial year 2011-12.

**COST AUDIT**

The Board of Directors of the Company has appointed M.Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors of the Company for the Financial Year 2011-12 subject to approval of the Central Government.

**LISTING OF THE SHARES**

Equity Shares of Company continue to be listed on Bombay Stock Exchange Ltd.. Annual Listing fees have been paid to the Stock Exchange.

**HUMAN RESOURCE**

Employees are important assets of any company and success depends largely upon the quality of its employees. The Company endeavors to promote human resource fullness at all levels from the shop floor to the Corporate office. On the job and various in-house training programmes have been put in practice to raise the skill, education, aptitude of employees. The Company's recruitment practice ensures that suitable candidates are recruited and provided with right opportunities to grow within the organization.

The Directors wish to place on record their appreciation for contributions made by employees to the Company during the year under review.

**ERP IMPLEMENTATION**

ERP is in process of implementation at company's plants.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Being a committed corporate citizen, we have taken significant efforts in the area of Corporate Sustainability, encompassing Corporate Governance, Social Responsibility and Environment care. We strive towards using locally available material and resources to generate employment and business opportunity for the local community.

We have involved ourselves in various welfare activities in & around our manufacturing location. We have focused our attentions on areas like imparting education to underprivileged children and providing employment opportunities to women and physically challenged people.

**Our main focus areas in Social Responsibility:****Education:**

Company had started a scheme for promoting education in the memory of our founder Late Shri Prakash Mutha. The Company recognized the meritorious students & awarded them Bicycles, School Dress, School Bags, School Books & education related material. During the year 88 students got benefits. Company had taken responsibility for payment of college fees of children of employee who met with sudden natural death, till the graduation. The Company also paid the school fees to the children of contractor's employee, who met with sudden natural death. Company had started facility of interest free loans for higher education to the deserving students. The company has also made donations to "Friends of Tribals Society" to help for achieving the goal of imparting education & social upliftment of Tribal's Children.

**Women Empowerment:**

The Company has a policy to recruit women in the company's jobs and impart training to develop their skills and continues to maintain the same during the year.

**Health and Awareness:**

During the year the company has arranged camp for eyes checkup for the employees with the help of Lions Club & 51 employees got benefits. The company made available intervention programme "Stress Management" to help employees lead a healthier life. The company has also taken mediclaim policy for the staff of the Company.

**Environment:**

Water is considered a scare resource, Company continues to maintain the "Rain Water Harvesting" since last 16 years at its Factory premises at Dewas, resulting in saving water and recharging the bore well & improving the level of underground water.

The company believes in the natural energy and committed to low emission of gases, carbon and reduce effect of green house gases, effluents and waste. The Company continues to use solar energy for heating water for generation of steam in the boiler and support the steps for health of future generations. The Company also treats and reuses the effluent & ensures zero discharge of effluent outside the premises.

**Social:**

During the year Company has made donations to various charitable trusts, civil societies. The Company continues to open water hut in summer at various places in Dewas City during the year.

**COMPANY POLICY FOR PROMOTION OF EMPLOYMENT OF YOUTH COMING FROM THE UNDER-PRIVILEGED/DISADVANTAGED SECTION OF THE SOCIETY**

The employment in the company is entirely based on eligibility and merit of the applicant without any discrimination against their gender, religion, caste, colour, ancestry, marital status, nationality and disability. And among equally qualified individuals, preference are given to people from the disadvantaged groups.

The Company makes all efforts for up-skilling and continual training of employees from socially disadvantaged sections of society in order to enhance their capabilities, and competitive skills.

**ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to all shareholders, banks, regulatory authorities, government authorities, consultants, solicitors, soyabean growers/suppliers, and others associated with the Company for their continuous support and Co-operation.

**For and on behalf of the Board of Directors**

Dewas, 30<sup>th</sup> May, 2011

**Rahul Mutha**  
Managing Director

**Praneet Mutha**  
Executive Director




**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 Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011.

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

- I. Installation of energy saver in lighting feeder
- II. Installation of VFD in unit -3 Blower's motor 90, 100 & 150 HP
- III. Steam condensate recovery system installed in Unit-1 with thermo compressor

**(b) Additional investment and proposal for reduction in consumption of energy:**

- I. Installation of condensate recovery system in Unit-3
- II. Installation of Thermo Compressor in Unit-2
- III. Installation of VFD in Unit-1 D.T. Motor

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production.**

- I. Installation of energy saver in lighting feeder has saved 55 units per day
- II. Installation of VFD reduced consumption by 500-600 unit/day
- III. Installation of splash steam recovery system in unit-1 saved steam 7 to 8 tones/day.

**FORM-A**

Particulars with respect to conservation of energy

	<b>Current Year ended on 31.03.2011</b>	<b>Previous Year ended on 31.03.2010</b>
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a. Purchased		
Units	1,45,77,950	1,36,78,500
Total Amt. (₹)(excluding cess)	7,34,61,578	6,37,65,132
Rate/ unit (₹)	5.04	4.66
b. Own Generation		
(i) Through Diesel Generator		
Units	1,14,685	64,645
Units /liter of diesel oil (₹)	3.20	3.14
Cost / Unit (₹)	13.59	15.67
(ii) Through Steam Turbine /Generator	-	-
<b>2. Coal</b>		
Quantity Consumed ( in MT)	27,016	25,163
Total Cost (₹)	11,82,93,338	8,29,70,504
Average Rate (₹ /MT)	4,379	3,297
<b>3. Furnace Oil</b>	-	-
<b>4. Others /internal generation</b>	-	-
<b>B. Consumption per unit of production</b>		
Electricity (Unit /MT)	46.25	48.79
Furnace Oil	-	-
Coal (Kg/MT)	85.05	89.34
Others	-	-

**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/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.	N.A.
2. Benefits derived as a result of the efforts.	N.A.
3. In case of imported technology during the last 5 years.	N.A.

**III. FOREIGN EXCHANGE EARNING AND OUTGO**

	<b>Amount (in ₹) (Current Year)</b>	<b>Amount (in ₹) (Previous Year)</b>
1. Earning (₹) (on FOB Basis)	1,70,61,17,790	1,93,62,32,926
2. Outgo (₹)	78,98,212	85,55,393

**For and on behalf of the Board of Directors**Dewas, 30<sup>th</sup> May, 2011

**Rahul Mutha**  
Managing Director

**Praneet Mutha**  
Executive Director