

*39th
Annual Report & Accounts
2012-13*



VIPPY INDUSTRIES LTD.
An ISO 9001:2008 Certified Company

**VIPPY INDUSTRIES LTD.***An ISO 9001:2008 Certified Company**39th Annual Report & Accounts 2012-13*

Board of Directors	: Shri Rahul Mutha (Managing Director) Shri Praneet Mutha (Executive Director) Dr. K. Savagaon Shri Sajeve Deora Dr. Shailendra Karnawat
Auditors	: M/s. Sodani & Company Chartered Accountants
Cost Auditors	: M/s. M. Goyal & Company
Sr. Manager (Legal) & Company Secretary	: Shri 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 No. 0731- 4065798

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NOTICE

Notice is hereby given that the 39th Annual General Meeting of the Company will be held on Monday, 30th day of September, 2013 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 31st, 2013 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 appoint a Director in place of Dr. Shailendra Karnawat who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution relating to re-appointment of the Auditors of the Company :

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956, M/s. Sodani & Co., Chartered Accountants (Firm Registration No. 000880C), the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to do Statutory Audit of the Company's accounts including its branch office for the Financial Year 2013-14 on a remuneration as may be fixed by the Board of Directors of the Company and that be paid, in addition, out of pocket and/or travelling expenses as may incur in carrying out their duties as such Auditors.”

SPECIAL BUSINESS

5. 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 Managing Director not liable to retire by rotation for a period of 2 years with effect from 1st April, 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.”

“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.

Dewas
May 30th 2013

Prakash Chakrawarti
Sr. Manager (Legal) & 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 be deposited at the registered office of the Company not less than 48 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 Monday, 23rd day of September, 2013 to Monday, 30th day of September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
5. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting, so that, the answers may be made available at the meeting.
6. 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.
7. The members, who are still holding the Company's equity shares in physical form and have not converted their shareholding in dematerialized form, are once again requested to convert their equity shares from physical form to dematerialized form.
8. Members/proxies who wish to attend the meeting are requested to bring the enclosed attendance slip duly filled and deliver the same at the entrance of the Meeting Hall.
9. Members are requested to bring their copies of Annual Report at the time of attending the Meeting.
10. Members who are holding Company's share in dematerialised form are requested to bring details of their DP and client ID number for identification.
11. Brief profile of Directors seeking appointment/re-appointment in ensuing Annual General Meeting are provided in the Corporate Governance Report forming part of the Annual Report.

EXPLANATORY STATEMENT

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

Item No. 5

After considering the present scenario, size and nature of operations of the Company and wide experience and knowledge of Shri Rahul Mutha in the soya extraction industry, the Remuneration Committee approved the terms, conditions including remuneration and recommended to the Board of Directors for the re-appointment of Shri Rahul Mutha as Managing Director w.e.f. 01st April, 2013 for the further a period of 2 years. Board of Directors at their meeting held on 30.03.2013, subject to approval of members in ensuing annual general meeting, approved his re-appointment as a Managing Director on the following terms and conditions:

- I. Basic Salary:** ` 3,50,000/- (Rupees Three Lacs Fifty Thousand) per month in the Scale of ` 3,50,000/- ` 50,000/- ` 4,00,000/-. Annual Increment of ` 50,000/- shall be payable on 1st April each year.
- II. Allowances & Perquisites:** Subject to ceiling of ` 20 Lacs/- per annum.
- a) Electricity: 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.
 - b) Leave Travel Concession: Reimbursement once in a year subject to maximum of one month's Salary.
 - c) Medical Reimbursement: Reimbursement during the year subject to a ceiling of one month's salary.
 - d) Provident Fund: Contribution to provident fund to the extent not taxable under the Income Tax Act.
 - e) Gratuity: Gratuity at the rate of half a month's salary for each completed year of service.
 - f) Club Fees: Payment of Club Fees, subject to a maximum of two clubs excluding life membership fees.
 - g) Telephone: Free Telephone and mobile facility at residence for official use.
 - h) Car with Driver: Free use of one car with driver for official use.
 - i) Personal Accident Insurance: Payment of annual premium for personal accident insurance subject to maximum of ` 25,000/- per annum.
 - j) Medical Insurance: Payment of annual premium for medical insurance for self & his family subject to maximum of ` 75,000/- per annum.



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Note: Sitting fees will not be paid for attending meetings of the Board of Directors or Committee there of.

In accordance with section 269 and Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, the said appointment is required to be approved by the members of the Company. Re-appointment of Shri Rahul Mutha as a Managing Director is made in compliance of provisions of section 269 read with and schedule XIII of the Companies Act, 1956 and his remuneration is within limit prescribed in the Schedule XIII of the Companies Act, 1956. Therefore approval of Central Government is not required.

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.

Shri Rahul Mutha may be deemed to be concerned or interested in the resolution relating to his respective re-appointment.

The Board of Directors recommends the said resolutions for your approval by ordinary resolution.

By Order of the Board
For Vippy Industries Ltd.

Prakash Chakrawarti
Sr. Manager (Legal) & Company Secretary

Dewas
May 30th 2013

**DIRECTORS' REPORT**

Dear Members,

Yours Directors have the pleasure in placing before you the 39th Annual Report including the Audited Financial Statements for the year ended March 31st, 2013.

FINANCIAL HIGHLIGHTS

The summary of the financial highlights for the financial year ended March 31st and previous year are as follows:

(` In Crores)

Particulars	March 31,2013	March 31,2012
Income		
Revenue from Operations	1,225.45	970.34
Other Income	4.37	3.49
Total Revenue	1,229.82	973.83
Profit before finance costs, depreciation and amortization & tax	26.02	25.08
Finance Costs	1.56	1.39
Depreciation and amortization expenses	4.26	4.03
Profit before Tax	20.20	19.66
Less: Tax Expenses		
Current Tax	6.92	3.99
MAT Credit Entitlement	(2.89)	-
Wealth Tax	0.0019	0.0003
Profit/(loss) for the period	16.17	15.67
Earning per equity share		
Basic & Diluted	1.00	0.98

OPERATIONAL PERFORMANCE

The Company recorded a turnover of ` 1229.82 Crores during the year 2012-13 as compared to ` 973.83 Crores during the previous financial year and this represents a 26.29 % increase compared to previous financial year.

The Company achieved Earning before Finance Cost, Depreciation and Tax of ` 26.02 Crores for the year 2012-13 against ` 25.08 Crores in the previous financial year and this represents a 3.75% increase compared to previous financial year. The Profit after tax of ` 16.17 Crores during the year 2012-13 against ` 15.67 Crores in the previous year and this represents a 3.19% increase compared to previous financial year.

DIVIDEND

With a view of conserve resources, your Directors do not recommended any dividend for the year under review.

DIRECTORS

Shri Rahul Mutha has been re-appointed as Managing Director for a further period of 2 years w.e.f.01.04.2013 subject to approval of Shareholders in the ensuing Annual General Meeting.

In accordance with the Article of Association of the Company and provisions of the Companies Act,1956 ,Shri Sajeve Deora and Dr. Shailendra Karnawat, Directors , will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered themselves for the re-appointment as Director.

Brief profile of Directors seeking appointment/re-appointment in ensuing Annual General Meeting are provided in the Corporate Governance Report forming part of the Annual Report.

PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Companies Act,1956, read with the Companies (Particulars of Employees) Rules 1975 ,as amended, is not applicable as no employees is covered under the said Rules.

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

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

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

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, HEALTH

The Company has complied with various emission standards and other environmental requirements as per pollution control norms. The Company accords highest priority to ensure safety and protection of health of its employees.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm, to the best of their knowledge and belief:

- 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/loss 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

A separate section on Corporate Governance is included in the Annual Report along with a Practicing Company Secretary's Certificate confirming compliance with the conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd. is attached with the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A separate section on Management Discussion and Analysis Report is included in the Annual Report as required in Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd.

PROGRESS ON REHABILITATION SCHEME SANCTIONED BY HON'BLE BIFR

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) declared the Company as a sick company vide its order dated 18th October, 2002 under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and sanctioned a Rehabilitation Scheme vide its order dated 04.10.2007 with the cut off date fixed as 31st March, 2007. The Rehabilitation Scheme came into effect from the date of issue of the sanctioned scheme and its provisions are binding on all concerned.

The Scheme of rehabilitation is yet under implementation, and the Company is yet to realise the benefits as provided within the Rehabilitation Scheme as sanctioned the followings reliefs & concession, which are material to success of the aforesaid Rehabilitation Scheme:

- a) Madhya Pradesh State Industrial Development Corporation (MPSIDC) Bhopal settling the outstanding amount of term loan towards sales tax dues,
- b) Madhya Pradesh State Government towards exemption from Commercial Tax, Central Sales Tax, Value Added Tax and Entry Tax.

The matter pertaining to MPSIDC is under consideration before State Govt. of Madhya Pradesh.

With respect to relief/concessions of commercial taxes, the Company filed various Writ Petitions (during Nov. 2008 – Sept. 2012) before Hon'ble High Court of Madhya Pradesh, Indore Bench, under Article 226 of Constitution of India seeking direction to the Commercial Tax Department of M.P./State Govt. to comply and implement the relief and concessions as contained in the Rehabilitation scheme towards exemption from Commercial Tax, Central Sales Tax, Value Added Tax and Entry Tax and the same are pending before Hon'ble High Court. The Hon'ble High Court vide its order dt. 08.08.2012 passed in WP No. 6665/2012 given a direction to the State Government for taking appropriate



decision in the matter at the earliest, on the basis of the scheme sanctioned by the BIFR keeping in view the provisions contained in SICA and the matter is still pending before State Govt. of Madhya Pradesh.

AUDITORS

The Auditors M/s. Sodani & Co., Chartered Accountants (Firm Registration No.000880C), will retire at the ensuing Annual General Meeting. Based on the recommendation of the Audit Committee, the Board has recommended the re-appointment of M/s. Sodani & Co., as the Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

COST AUDITORS

The Board of Directors of the Company have appointed M/s. M.Goyal & Co., Cost Accountants, Jaipur, (Reg. No.000051) as Cost Auditors of the Company to conduct audit of cost accounting records of the Company for the year 2013-14 subject to approval of the Central Government.

LISTING OF THE SHARES

At present, the Equity Shares of Company are listed with Bombay Stock Exchange Ltd. ("BSE Ltd."). The company has paid Annual Listing fees for the year 2013-14 to Bombay Stock Exchange Ltd.

ERP IMPLEMENTATION

ERP is under implementation at Company's plants.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being corporate citizen, Company believes that CSR is an integrated approach towards operating in an economically, socially and environmentally in sustainable manner. We believe that the CSR means to actively contribute to the social and economic development of the communities in which we operate & build a better, sustainable way of life for the weaker sections of society. As a part of its social responsibility and as good corporate citizen, the Company regularly engage in various programmes with a view to promote and protect a pleasant and eco-friendly atmosphere in and around the District of Dewas in state of Madhya Pradesh and to serve and contribute to the welfare of the society in general.

Focus Areas:**Education:**

Education is another instrument of change. Thus, we are associated in various ways in promoting education among the children in and around the District of Dewas in state of Madhya Pradesh during the year under review as under.

- The Company donated books and study material and others like School uniforms, school Bags and Bicycles. Total 120 Students have been benefited.
- The school fees were paid by the Company for children of people who met with sudden natural death in year 2012-2013. Total 03 Students have been benefited.
- The Company provided financial help for higher education to the deserving students. Total 08 Students have been benefited.
- The Company has adopted Five Schools through "Friends of Tribals Society" to help for achieving the goal of imparting education & social upliftment of Tribal's children.

Women Empowerment:

The Company has provided training to the women to develop their skills & quality.

Health and Awareness:

We organized the various health awareness programmes during the year.

Environment:

We are committed to make a positive contribution to the protection of the environment in area in which we operate. We have complied all relevant environmental legislation and regulations in the year 2012-13. Activities of tree plantation conducted in the year 2012-13.

Considering the scarcity of natural resources, the Company continues to use solar energy for heating water for generation of steam in the boiler, installation of LED, reduce use of papers as well as possible, and continues to maintain the "Rain Water Harvesting" since last 18 years at its Factory premises at Dewas.

We are committed to the sustainable use of all resources and will minimize waste at source and recycle where possible.

**Social:**

The Company has made contribution in following areas during the year under review:

- The Company involved in the cultural activities in city of Dewas and donated to "Kumar Gandharva Prathisthan" which organized music & dance festival in memory of Padmavibhushan Pandit Kumar Gandharva at Dewas in state of Madhya Pradesh, .
- The Company established water huts at various places in Dewas City for providing drinking water during summer season.

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.

AWARDS

- Company received Bhama Shah Puraskar from Commercial Tax Department for 3rd highest commercial tax deposit.
- Company has been awarded Food Safety System Certificate (FSSC) ISO 22000-2010 from Bureau Veritas Certification.
- Company has been awarded GMP+Feed Safety Assurance Certificate from Control Union Certifications.

ACKNOWLEDGMENTS

Yours Directors place on record, their appreciation for all the support extended by the government authorities, banks, soyabean growers/suppliers, customers, shareholders, and others associated with the Company. Your Directors also record their appreciation for the dedicated services rendered by all the Executive Staff and Workers of the Company at all levels for their valuable contribution in the working of the Company.

For and on behalf of the Board of Directors

Dewas
May 30th 2013

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 March 31st, 2013.

I. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:
- Installation of Steam condensate Recovery System in old prep section.
 - Installation of PRS in Refinery section, Low Steam Header.
 - Replaced the old traps with efficient Steam Trap in Unit-I
 - Installation of PHE (oil to oil) for heating degummed oil by refined oil from 65 to 95^oc .
 - Replaced the old CHPMT pumps with High efficiency KSB pumps in SEP-III.
 - Installation of Steam control valve in Recuperation Unit in SEP-III.
 - Replaced the CFL lamp 20w to LED 7W in SEP-I.
 - Replaced the Hotwell pump 5UP3M -40HP by 15HP Wilo pump in Refinery section.
- (b) Additional investment and proposal for reduction in consumption of energy:
- To replace the tube fitting 36 W to LED Light 15W in Admin office Ground floor.
 - To install of Steam Condensate Recovery System in SEP-III.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production.
- Installation of Steam Condensate Recovery System in old prep section saved condensate 5-6 Ton per day.
 - Installation of PRS in Refinery Section, Low Steam Header saved steam 6-7 Ton per day.
 - Replacement of the efficient Steam Trap in Unit-I saved steam 0.5-1 Ton per day.
 - Installation of PHE (oil to oil) saved steam 4 Ton per day.
 - Replacement of the old CHPMT pumps with High efficiency KSB pumps in SEP-III saved power 0.5 unit per Ton.
 - Installation of Steam control valve in Recuperation Unit in SEP-III saved steam 0.5 Ton per day.
 - Replacement of the CFL lamp 20W to LED 7W in SEP-I saved power 1.6 Unit per day.
 - Replacement of the Hotwell pump 5UP3M -40HP by 15HP Wilo pump in Refinery section saved power 15 unit per hour.

FORM -A

Particulars with respect to conservation of energy

Particulars		Current year 2012-13	Previous Year 2011-12
A.	Power & Fuel Consumption		
1.	Electricity		
a.	Purchased		
	Units	1,40,01,150	1,55,35,600
	Total Amt. (`) (excluding cess)	9,10,63,892	8,71,71,248
	Rate/ unit (`)	6.50	5.61
b.	Own Generation		
(I)	Through Diesel Generator		
	Units	1,17,293	1,18,190
	Units / liter of diesel oil (`)	3.15	3.17
	Cost / Unit (`)	15.94	13.88
(ii)	Through Steam Turbine /Generator		