

*19th
Annual Report & Accounts
2010-11*



VIPPY SPINPRO LTD.



- Board of Directors** : Shri Piyush Mutha (Managing Director)
Shri Praneet Mutha
Shri M.L.Jain
Shri M.Maruthi Rao
Shri Shailendra K. Jain
Shri Subhash Kocheta
Shri K.Raghuram
- Auditors** : M/s. Sodani & Company
Chartered Accountants
- Cost Auditors** : M. Goyal & Company
- Bankers** : Punjab National Bank
- Registered Office** : 318, City Centre, 570, M.G. Road
Indore (M.P.) - 452001
- Works Office** : 14-A, Industrial Area No.1
A. B. Road, Dewas (M.P)-455001
Phone Nos.: 07272-258251 / 258252/405352
Fax No.: 07272-400121
- Registrar & Share Transfer Agents** : 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

Contents	Page
Notice of AGM	2-6
Directors' Report	7-11
Management Discussion and Analysis Report	12-13
Corporate Governance Report	14-21
Auditors' Report	22-25
Balance Sheet	26
Profit and Loss Account	27
Schedules and Notes on Accounts	28-38
Balance Sheet Abstract	39
Cash Flow Statement	40

**NOTICE**

Notice is hereby given that the 19th Annual General Meeting of the Company will be held on Friday, the 30th day of September, 2011 at 10.00 A.M. at Hotel Amar Vilas, 1 Chandra Nagar, A.B. Road, Opp. Sony World, Indore (M.P.) - 452010 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 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 M. Maruthi Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Subhash Kocheta, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

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

“RESOLVED THAT pursuant to the provisions of section 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof (including any statutory modification or re-enactment thereof, for the time being in force) the members of the Company hereby accord their approval to the re-appointment of Shri M. Maruthi Rao as Whole Time Director of the Company for the period of two years with effect from 28th October, 2010.”

“RESOLVED FURTHER THAT Shri M. Maruthi Rao, being whole time director of the Company shall be entitled to get a remuneration of ₹ 20,000/- (Rupees Twenty Thousands) per month in the scale of ₹ 20,000/- ₹ 5,000/- ₹ 25,000/- w.e.f. from 28th October, 2010 even though the Company has no profit or profits are inadequate in any year during the tenure of his re-appointment.”

“RESOLVED FURTHER THAT the Shri M. Maruthi Rao, whole time director shall not be entitled to get any sitting fee for attending any meeting of the Board of Directors or a committee thereof.”

“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 acts, deeds, matters and other 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 subject to the approval of Central Government and in accordance with the provisions of section 269, 198, 309, 310, 311, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Piyush Mutha as a Managing Director of the Company for a further period of two years with effect from 01st April, 2011 on the following terms, conditions including remuneration even though the Company has no profits or profits are inadequate in any year during the tenure of his re-appointment:

- I. Basic Salary: ₹ 1,50,000 (Rupees One Lac Fifty Thousand) per month in the scale of ₹ 1,50,000/- ₹ 50,000/- ₹ 2,00,000/-.
- II. Perquisites & Allowances: Subject to ceiling of ₹ 14,00,000 per annum.
 - a) Electricity: Expenditure incurred by the Managing Director on 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) Leave: Leave as per the Company's Rules as specified from time to time.



- d) Medical Reimbursement: Reimbursement during the year subject to a ceiling of one month's salary.
- e) Provident fund and superannuation: Contribution to provident fund and superannuation fund or annuity fund in accordance with the scheme(s) and rule(s) of the company from time to time.
- f) Gratuity: Gratuity at the rate of half a month's salary for each completed year of service.
- g) Club Fees: Payment of Club Fees subject to a maximum of two clubs excluding life membership fees.
- h) Telephone: Free Telephone and mobile facility at residence for official use.
- i) Car with driver: Free use of one car with driver for official use.
- j) Personal Accident Insurance: Payment of annual premium for personal accident insurance subject to maximum of ₹ 25,000/- per annum.
- k) Medical Insurance: Annual Premium for medical insurance for self & his family subject to maximum of ₹ 75,000/- per annum.

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

By Order of the Board of Directors

Piyush Mutha

Managing Director

Dewas, May 30th, 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. The register of members and share transfer books will remain closed from Friday, the 23rd day of September, 2011 to Friday, the 30th day of September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
4. 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 Agents (RTA), M/s. Ankit Consultancy Pvt. Ltd., in respect of their physical share folio, if any.
5. 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. Copy of the Annual Report will not be distributed at the meeting.

By Order of the Board of Directors

Piyush Mutha

Managing Director

Dewas, May 30th, 2011

**EXPLANATORY STATEMENT**

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

Item No.5

The tenure of Shri M. Maruthi Rao has expired on 27th October, 2010. The Remuneration Committee has considered and recommended for the re-appointment of Shri M. Maruthi Rao as Whole Time Director w.e.f. 28th October, 2010 for the further period of two years on remuneration of ₹ 20,000/- per month in the scale of ₹ 20,000/- ₹ 5,000/- ₹ 25,000/- subject to approval of board of directors and members in ensuing annual general meeting.

He has practical working experience in various leading textiles mills since 1964. He has in depth experience in cotton industries. The Board of Directors of the Company is of the opinion that under the direction of Shri M. Maruthi Rao, the Company has benefitted overall. Hence the Board of Directors decided in their meeting held on 30.09.2010 to re-appoint him as Whole Time Director of the Company subject to consent of shareholders w.e.f. 28th October, 2010 for further period of two years.

Except Shri M. Maruthi Rao himself, none of the Directors of the Company is in any way concerned or interested in the resolution.

Your Directors recommend the resolution for approval.

Item No.6

The present tenure of Shri Piyush Mutha, the Managing Director expired on 31st March, 2011. The Remuneration Committee has considered and recommended for the re-appointment of Shri Piyush Mutha as a Managing Director w.e.f. 01st April, 2011 for the further period of two years. The Board of Directors considered that Shri Piyush Mutha is one of the promoters of the Company and under his dynamic leadership, initiatives and directions, the Company has benefitted in its overall operations. 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 decided in their meeting held on 31.03.2011 to re-appoint him as Managing Director, subject to the consent of shareholders and approval of Central Government w.e.f. 01st April, 2011 for further period of two years.

Except Shri Piyush Mutha himself, Shri Praneet Mutha being relative of Shri Piyush Mutha who may be deemed to be interested, no other Directors are concerned or interested in the resolution.

Your Directors recommend the resolution for approval.

The appointment is subject to the approval of shareholders in General Meeting and Central Government.

The information required pursuant to proviso (iv) of para (B) of section II of the Part II of schedule XIII of the Companies Act, 1956

I. General Information

1. **Nature Of Industry:** The Company is engaged in manufacturing of cotton yarn
2. **Date or expected date of commencement of commercial production:**
The Company was incorporated on 01.04.1992, is an existing operating Company.
3. **Financial performance based on given indicators:**

(₹ In Lacs)

Financial Year Ended	31.03.2011	31.03.2010
Sales & Other Income	8913.49	5379.93
Profit before interest & depreciation	740.27	498.60
Less: Interest	156.24	117.93
Less Depreciation	281.49	228.33
Profit before Tax	302.54	152.34
Less Provision for Tax	98.82	52.77
Profit after Tax	203.72	99.57

**4. Export Performance and net foreign exchange collaborations:**

Financial Year Ended	31.03.2011	31.03.2010
FOB Value of Exports (in ₹)	3,44,79,550	2,13,65,992

5. Foreign Investments or Collaborators if any: N.A.**II. INFORMATION ABOUT THE APPOINTEE :**

- 1. Background Details:** Shri Piyush Mtuha is a B.E. and M.B.A., Shri Piyush Mutha is a Director of the company since 1st April, 1992. He is a Managing Director of the Company since 1st May 2001. He has over 18 years of experience in the industry and business. He is skillfully steering the Company business during his tenure.
- 2. Past Remuneration drawn:** The total remuneration paid to Shri Piyush Mutha drawing the period April 1st, 2010 to March 31st, 2011 was ₹ 17,99,378/- including perquisites.
- 3. Recognition or awards:** N.A.
- 4. Job Profile and his suitability:** Shri Piyush Mutha exercises substantial power of management subject to the superintendence, control and direction of the Board of Directors of the Company. He is responsible for the operations and affairs of the Company. Under his dynamic leadership, initiatives and directions, the Company has benefited in its overall operations. 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. Taking into consideration his qualifications and experience, Shri Piyush Mutha is best suited for the responsibilities assigned to him by the Board of Directors.
- 5. Remuneration Proposed:** As referred in Item no.6 of the notice of the Annual General Meeting
- 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The remuneration proposed is commensurate with the remuneration packages paid to similar level appointees in similar cotton yarn companies operating in India taking into consideration the experience of Shri Piyush Mutha.
- 7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel:** Shri Piyush Mutha is a one of the promoter of the company and he is holding 8.89% shares of the company. Apart from this, he doesn't have any other pecuniary transactions with Company except by way of drawing remuneration during employment with the company. He is related with Shri Pranee Mutha, director of the Company.

III. OTHER INFORMATION:

- 1. Reasons of loss or inadequate profit:** Stiff market competition and high borrowing costs from bank and other factors effected the profits of the Company.
- 2. Steps taken for improvement:** Company has been consistently developing specially improvement in quality of products and production efficiently. The company has arranged training programme for employees for efficiently working and sharp focused on reduce of cost of production.
- 3. Expected increase in productivity and profits in measurable terms:** With the aforesaid measures taken by the company, the productivity and profitability of the Company is expected to more increase in coming years.

IV. DISCLOSURES

- 1. The shareholders of the company shall be informed of the remuneration package of the managerial person:** The shareholders of the company have been informed of the remuneration package of Shri Piyush Mutha .
- 2. The following disclosures shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance' if any, attached to the Annual Report:**
 - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors:**
This has been mentioned under the 'Corporate Governance Report'.



- ii) **Details of fixed component and performance linked incentives along with performance criteria.**
Fixed component as given in the resolution. Presently no performance linked incentives is given by the company.
- iii) **Service contracts, notice of period, severance fees:** There is no severance fees prescribed by the company. The notice period is 1 month from either side.
- iv) **Stock options details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:** N.A.

By Order of the Board of Directors

Piyush Mutha
Managing Director

Dewas, May 30th, 2011

Details of the Directors seeking appointment /re-appointment in the Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri M.Maruthi Rao and Subhash Kocheta, the Directors, are due to retire at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment. The brief resumes are given below:

Shri M.Maruthi Rao, aged 73, graduate with B.sc. from University of Mysore. He has practical experience in various leading textiles mills since 1964. He has in depth experience in cotton industries. His date of birth is 31.03.1938. He is on Board of the Company since 28.10.2002. He neither holds any directorship nor chairmanship/membership of committees in other companies. Presently he does not hold any shares in the Company.

Shri Subhash Kocheta, aged 64, post graduate with M.Com. He has 31 years experience in finance, trade and industry. His date of birth is 01.09.1946. He is on Board of the Company since 31.03.2003. He neither holds any directorship nor chairmanship/membership of committees in other companies. Presently he does not hold any shares in the Company.

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure to present the 19th Annual Report and Audited Statement of Accounts of your Company for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

Particulars	(₹ in Lacs)	
	2010-11	2009-10
Sales & Other Income	8913.49	5379.93
Profit before interest & depreciation	740.27	498.60
Less: Interest	156.24	117.93
Less: Depreciation	281.49	228.33
Profit before Tax	302.54	152.34
Less: Provision for Taxation		
Current Tax	114.50	54.00
Deferred Tax	(15.68)	(1.23)
Profit after Tax	203.72	99.57
(+/-) Prior period adjustment	(-) 0.40	(-) 2.79
Amount available for appropriation	203.32	96.78
Appropriation:		
Transferred to General Reserve	-	-
Balance carried to Balance Sheet	203.32	96.78

PERFORMANCE HIGHLIGHTS

Yours Directors are pleased to report that your Company's total income during the period under review stood at a record all time high of ₹ 8913.49 Lacs compared to that of ₹ 5379.93 Lacs during the previous year and registered growth by 65.68 % .As results , the net profit for the year under review , after provision for depreciation and income tax was ₹ 203.72 Lacs as compared to ₹ 99.57 Lacs of previous year .

DIVIDEND

In view of need for conservation of resources the Directors of the company regret their inability to recommend any dividend for the year under review.

PUBLIC DEPOSITS

During the year the Company did not invite public deposits with in the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

INSURANCE

The Company's buildings, plant & machineries, stocks, stores and spares are adequately insured against various risks including earth quake.

DIRECTORS

Shri Piyush Mutha is reappointed as Managing Director of the company w.e.f. 01.04.2011 for the period 01.04.2011 to 31.03.2013. Shri M.Maruthi Rao is reappointed as Whole Time Director for the period 28.10.2010 to 27.10.2012.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri M.Maruthi Rao and Shri Subhash Kocheta ,Directors retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

**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 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

There are no employees falling within the purview of sub section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 (as amended).

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

The particulars as prescribed under 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.

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.

CORPORATE GOVERNANCE

The Company has consistently adopted high standards of Corporate Governance. As a listed company, necessary measures are taken to comply with the Listing Agreement with the Bombay Stock Exchange Ltd..

A certificate as required under Clause 49 of Listing Agreement with Bombay Stock Exchange Ltd., for compliance of conditions stipulated in the Listing Agreement with Stock Exchange, obtained from the M/s. Shilpesh Dalal & Co., Company Secretary in Practice, form a part of the Annual Report.

AUDITORS

The Auditors, M/s. Sodani & Company, Chartered Accountants (Firm Registration No.000880C), will retire at the forthcoming 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 & 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.

ENVIRONMENT AND SOCIAL CONCERN

Your company is committed to build business with save energy and save environment. Wind energy is a non-conventions energy and cost effective as well as no generation of pollution. In line of this, the Company had set up the wind mills that generates electricity and contributed to displace emissions from the nation's coal-fired power plants and eliminate the nation's major source of acid rain; reduce total emissions of CO₂; and helps contain the spread of respiratory disease aggravated or caused by air pollution in the country.



Water is one of the most important natural resource, it is the most basic need for all living beings as well as a very valuable national asset. In India, Water availability per person is on decline with most obvious reasons as increasing demand for water with increasing rate of population. Moreover the rivers are getting dried up, groundwater is depleting and canals are polluted. But more important is "Each one of us to learn as how to save even a drop of water". Considering the circumstances, your company is continue to maintain the "Rain Water Harvesting" during the current year at its Factory premises at Dewas. The 8040 sq meters of roof area has been covered under the rain water harvesting initiative and approx.5822 cubic meters of water has been collected at the factory at Dewas, resulting in saving water and recharging the five bore wells consequently, and also saved the costs thereof.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In line with our objective of 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 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.

We believe that protecting & enhancing the environment is possible only through using non –conventional energy resources , therefore the Company has set up the wind mills because the wind energy is a clean energy source and that help to reduces cost associated with air pollution - both healthcare and environmental cost and benefits society overall.

The Company had started a scheme for promoting education in the memory of our company founder Late Shri Prakash Mutha. The Company recognized the meritorious students & awarded them Bicycles, uniform, school books, copies & school bags to children of the worker and staff of the company. During the year 54 students got benefits.

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

The employment in the company is totally 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.

HUMAN RESOURCES

Industrial relations continued to be cordial during the year under report. Your Company firmly believes that a dedicated workforce constitutes the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Yours Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of the Company.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the assistance and co-operation extended by the shareholders, bank, customers, and Government Authorities. The Directors also place on record their deep appreciation for the service rendered by officers, staff and workers of the Company at all levels and for their dedication and loyalty.

For and on behalf of the Board of Directors

Piyush Mutha

M.Maruthi Rao

Managing Director

Director

Dewas, May 30th, 2011.

**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 31st March 2011.

I. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:
- i. Installation of power factor controller to reduce line losses of electricity and maintain power factor.
 - ii. 135 KVAR capacitors added & 48 nos of old capacitor replaced by new one to improve the power factor
 - iii. Converted double tube rods into single one to reduce lighting load units.
- (b) Additional investment and proposal for reduction in consumption of energy:
To replace the Reciprocating compressor of 22 KV for saving the electricity as well as break down losses.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production.
- i. Installation power factor controller, 135 KVAR capacitors, and new capacitors replaced in place of 48 nos old capacitor saved ₹ 38,000/- per month.
 - ii. By converting double tube rods into single one saved ₹ 4,218/- per month.

FORM-A

Particulars with respect to conservation of energy

Particulars	Current Year 2010-11	Previous Year 2009-10
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased		
Units	97,43,750	77,61,175
Total Amt. ₹ (excluding cess)	4,27,39,731	3,15,46,046
Rate/ unit ₹	4.38	4.06
b. Own Generation		
(i) Through Diesel Generator		
Units	80,444	24,860
Units / liter of HSD/LDO (₹)	3.09	2.89
Cost / Unit (₹)	16.24	13.62
(ii) Through Steam Turbine /Generator	-	-
2. Coal		
Quantity Consumed (in MT)	-	-
Total Cost (₹)	-	-
Average Rate (₹/MT)	-	-
3. Furnace Oil	-	-
4. Others /internal generation	-	-
B. Consumption per unit of production		
Electricity (Unit /MT)	1,329	1,283
Furnace Oil	-	-
Coal (Kg/MT)	-	-
Others	-	-

**II. TECHNOLOGY ABSORPTION:
FORM -B****Form of disclosures of particulars with respect to absorption:****(A) RESEARCH & DEVELOPMENT: Not Applicable****(B) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION: Not Applicable****III. FOREIGN EXCHANGE EARNING AND OUTGO**

		Current Year	Previou Year
1.	Earning (₹)	3,44,79,550	2,13,65,992
2.	Outgo (₹)	1,05,69,699	3,96,29,446

For and on behalf of the Board of Directors

Dewas, May 30th, 2011.Piyush Mutha
Managing DirectorM.Maruthi Rao
Director

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ECONOMIC OVERVIEW**

Global Economy is transitioning from a rapid, bounce-back phase of recovery, toward a slower, but more sustainable growth with strong growth of developing countries. Developing countries domestic demand is playing a major role in the recovery in the world economy. India is a cost effective and labor intensive economy, and has benefited immensely from outsourcing of work from developed countries, and has a strong manufacturing and export oriented industrial framework. The Indian Economy has shown remarkable resilience & was aided by the inherent strength of India's domestic demand that was complemented by Reserve Bank of India's monetary management and the central government's fiscal stimulus measures. The Indian Economy is expected to grow at 9% with outside band of (+/-) 0.25% in 2011-12," Finance Minister, Shri Pranab Mukherjee said while unveiling the Budget proposals for 2011-12. However, high inflation rate seems to be major damper on the economy of the country and RBI has predicted the GDP will be 8% as compared to at 8.6% last year.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. The textiles and clothing sector contributes about 14% to the industrial production, 4% to the GDP, and 17% to the country's export earnings according to the Annual Report 2010-11 of the Ministry of Textiles. The textile sector is the second largest provider of employment after agriculture. The textiles and clothing sector provides direct employment over 35 million people, which includes a substantial number of SC/ST, and women.

In the liberalized post-quota period, India has emerged as a major sourcing destination for new buyers. As a measure of growing interest in the Indian textiles and clothing sector a number of buyers opened their sourcing / liaison office in India. These include Marks and Spencer, Haggard Clothing, Kellwood, Little Label, Boules Trading Company, Castle, Alster International, Quest Apparel Inc., etc. Commercially the retailers across the world are looking for options of increasing their sourcing from the Indian markets.

The company is engaged in the manufacturing of cotton yarn for different applications by Rotor Spinning. Rotor spinning is economical, since the process is very short, consumes less energy and offer substantial cost benefits in the choice of raw material in comparison to Ring Spinning especially in coarse counts. The Company is also engaged in generation of power through Wind Mills for captive consumption.

OPPORTUNITY AND THREATS

The demand of textile and clothing is increasing continuously, result of increase in per capita income of Indians and the fast growing middle class population in India. There is a change in the consumer mindset that has led to a trend of increased consumption on personal care and lifestyle products as well as branded products. These trends offer great growth opportunities for companies across various sectors, including textiles. India thus presents a large and vibrant market for textiles, with a potential for sustained growth.

The Products made from Rotor spun yarns are firmly established in the major sales market of Europe and the USA, and also in South America. Due to the more uniform optical appearance of fabrics made from rotor spun yarns they are preferred for use as knitting yarns for home wear and as weaving yarns for trousers and terry fabrics. Prominent Brands and Manufactures for large trading houses put their faith in rotor-spun yarns for a wide range of applications.

Cotton is raw material of the company which is sourced from domestic market. Cotton is an agricultural product and its supply and quality are subject to forces of nature. Any material shortage or interruption in the domestic supply or deterioration in the quality of cotton due to natural causes or other factors could results in increased production costs. High Power costs, rising interest rates, unfriendly labour laws, volatility in crude oil prices and increasing of inflation may have an adverse impact on the business of the Company.

OUTLOOK

The outlook for the textile sector is very positive and likely to grow more in 2011-12 as compared to last year because the demand in domestic as well as overseas market are very strong. The Government is continually supporting the textiles exports sector through fiscal and non-fiscal measures as well as through incentivisation schemes to enable the



sector to increase market share in the global textiles markets. The extension of Technology Upgradation Fund Scheme (TUFS), (extended up to 31.03.2012), has been fine-tuned to catapult the rapid investments in the targeted segments of the textile industry. A normal monsoon in the year 2011-12 as predicted by India Metrological Department, Ministry of Earth Sciences, Govt. of India also would support cotton consumption by ensuring comfortable domestic supplies at economical prices, boost the purchasing power of the rural economy comprising more than 60% of the Indian Population.

SEGMENTWISE PERFORMANCE

The Company generates power through wind mill for captive use. Hence no segment reported.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control systems are implemented:

- to safeguard the company's assets from loss or damages.
- to keep constant check on the cost structure.
- to prevent revenue leakage .
- to provide adequate financial and accounting controls and implement accounting standards.

The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements. The management of the Company duly considers and takes appropriate action on recommendations made by the internal auditors, audit committee, if any.

FINANCIAL PERFORMANCE

Company's total income during the period under review stood at a record all time high of ₹ 8913.49 Lacs compared to that of ₹ 5379.93 Lacs during the previous year and registered growth by 65.68% .As results , the net profit for the year under review , after provision for depreciation and income tax was ₹ 203.72 Lacs as compared to ₹ 99.57 Lacs of previous year .

DEVELOPMENT IN HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Textile Industry is highly labour intensive in nature. Our human resource policy is targeted at creating a motivated work force. To develop high quality and to provide adequate knowledge to the employees, the Company regularly provides necessary training, wherever required. The Company also arranges seminars for their developments and to equip them to adapt to the fast changing environment. During the year the industrial relations of the Company continue to remain harmonious and cordial with focus in improving productivity, quality and safety. The Management wish to place on record their appreciation for contributions made by employees to the Company during the year.

RISK AND CONCERN

Apart from the risk on account of increasing interest rate, inflation, fluctuation in foreign exchange, increasing fuel prices & regulatory changes, the business of the company is exposed to certain operating risk, which is managed by regular monitoring and corrective actions. The Company has put in place a risk management policy to identify the nature and magnitude of risk associated with the Company and to take steps for mitigating the impact of such risks. These are reviewed periodically and placed before the Board.

CAUTIONARY NOTE

Statements in the "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations or projections may be "forward looking statements" within the meaning of applicable laws and regulations .Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, economic conditions affecting demand/ supply and price, government regulations tax laws and other statutes and other allied factors.

**CORPORATE GOVERNANCE REPORT**

Corporate Governance has become an integral part of the business. This encompasses the value system of integrity, fairness, transparency and adoption of the highest standards of business ethics with aims to benefit all the stakeholders.

The detailed report on implementation by the Company of Corporate Governance Code as incorporated in clause 49 of the Listing Agreement with Stock Exchange is set out below:

1. 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. The Company respects the rights of its shareholders to information on the performance of the Company and its endeavor to maximize the long-term value to the shareholders of 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. The decision making process is fair and transparent.

2. Board of Directors**The Composition of the Board of Directors**

The Board of Directors of the Company consists of persons having professional expertise and experience in business and industry, finance, management, technical and marketing. The composition of the Board of Directors with reference to number of executive and non executive directors, meets with requirements of clause 49 (I) of the Listing Agreement.

The composition of Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a Member/Chairman, are as under:

Name of Directors	Category	Directorship in other public companies incorporated in India as on 31 st March, 2011	No. of Committee Position held in other public companies incorporated in india as on 31 st March, 2011	
			Chairman	Member
Shri Piyush Mutha	Promoter-Executive	-	-	-
Shri Praneet Mutha	Promoter-Non Executive	1	-	-
Shri M.L.Jain	Independent -Non Executive	-	-	-
Shri M. Maruthi Rao	Non Independent - Executive	-	-	-
Shri Shailendra K. Jain	Independent -Non Executive	4	-	-
Shri Subhash Kocheta	Independent-Non Executive	-	-	-
Shri. K.Raghuram	Independent - Non Executive	-	-	-

only the two Committees, viz. the Audit and Shareholders / Investors Grievance Committee are considered

None of the directors is a member of board of more than fifteen companies in terms of section 275 of the Companies Act, 1956, and a member of more than ten board –level committees or a chairman of more than five such committees, as required under clause 49 of the Listing Agreement.

Apart from receiving sitting fees, Independent Directors do not have any material relationship or transaction with the company, its promoters, its directors, and its senior management which may affects independence of the director.

**Board Procedures**

The Board of Directors met 7 times during the financial year on 29.05.2010, 14.08.2010, 30.09.2010, 13.11.2010, 17.01.2011, 12.02.2011 & 31.03.2011, maximum gap between two meetings was less than four months. The Key information was placed before the Board of Directors to apprise the directors of the affairs of the Company.

The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the Company and takes steps to rectify non-compliances, if any.

Attendance at Board Meeting and Last AGM

The Details of attendance of each Director at the Board Meetings for the year ended 31.03.2011 and at last Annual General Meeting are given below:

Name of Directors	Attendance at Board Meeting		Attendance at Last Annual General Meeting
	Held	Attended	
Shri Piyush Mutha	7	7	Yes
Shri Praneet Mutha	7	6	No
Shri M.L. Jain	7	6	Yes
Shri M. Maruthi Rao	7	6	Yes
Shri Shailendra K. Jain	7	-	No
Shri Subhash Kocheta	7	5	No
Shri. K. Raghuram	7	-	No

Code of Conduct

The Board of Directors of the Company had laid down a code of conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the Managing Director to this effect is enclosed and form part of this report.

3. Audit Committee

The Company has constituted an Audit Committee as per the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The terms of reference and role of Audit Committee is to overview the accounting system, financial reporting and internal control system of the company and also covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, besides other terms and conditions as may be referred to by the Board of Directors from time to time.

Composition

The audit committee comprises of three Directors. All members of the audit committee are independent non executive directors and are financially literate.

The composition of Audit Committee is as follows:

Name	Position	Category
Shri M.L.Jain	Chairman	Independent - Non Executive
Shri Subhash Kocheta	Member	Independent - Non Executive
Shri K.Raghuram	Member	Independent - Non Executive

Meetings & Attendance

During the year under review the Committee met four times on 29.05.2010,14.08.2010,13.11.2010 & 12.02.2011 and the time gap between two meetings is not exceeding four months.

The attendance at the Audit Committee Meeting is as under:

Name	No. of Meetings Held	No. of Meetings Attended
Shri M.L.Jain	4	4
Shri Subhash Kocheta	4	4
Shri K.Raghuram	4	-

**4. Remuneration Committee**

The broad terms of reference of the Remuneration Committee are to decide the terms of service and compensation payable to executive director and to discharge the functions as may be referred by the Board.

Composition

The Remuneration Committee comprises of three Directors, all of whom are independent non executive directors. The composition of Remuneration Committee is as follows:

Name	Position	Category
Shri K.Raghuram	Chairman	Independent - Non Executive
Shri M.L.Jain	Member	Independent - Non Executive
Shri Subhash Kocheta	Member	Independent - Non Executive

Meetings and Attendance

The Remuneration Committee met 2 times during the year on 30.09.2010 & 31.03.2011.

The attendance at the Remuneration Committee Meeting is as under:

Name	No. of Meetings Held	No. of Meetings Attended
Shri K.Raghuram	2	-
Shri M.L.Jain	2	2
Shri Subhash Kocheta	2	2

Directors Remuneration**Remuneration policy**

The Company while deciding the remuneration package takes into consideration the following:

- Present employment scenario.
- Remuneration package of the industry/other industries for the requisite managerial talent.

Remuneration of Executive Directors

Details of remuneration paid to the executive directors during the year 2010-11 are given below:

Name of Director	Salary (₹)	Perquisites and other benefits (₹)	PF & Other Fund (₹)	Total (₹)
Shri Piyush Mutha (M.D.)	13,20,000	1,22,978	3,56,400	17,99,378
Shri M. Maruthi Rao	2,05,000	-	-	2,05,000

Remuneration to Non Executive Directors

The sitting fees not to exceed limit prescribed under the Companies Act, 1956.

The company did not have any pecuniary relationship or transactions with non-executive directors during the year ended 31st March, 2011 except for payment of sitting fees.

Criteria of Making Payments to Non –Executive Directors

The following are the criteria of making payments to non executive directors.

- Number of Board meetings attended by such Directors.

During the financial year 2010-11 sitting fees paid to non executive directors as amounted to ₹ 5,500/-.

Number of shares held by non-executive directors as on 31.03.2011

Name of Director	No. of shares held
Shri Shailendra K. Jain	5000

5. Shareholders / Investors Grievance Committee

The Committee looks into the Shareholders and Investors complaints on matters relating to transfer, non receipt of annual report, non receipt of declared dividends and demat of shares etc. and all other matters which can facilitate better investor services and relations. The Share Department of the Company and the Registrar and Share Transfer Agent, attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchange, Ministry of Company Affairs, Registrar of Companies, etc.

**Composition**

The composition of Shareholders/Investors Grievance Committee is as follows:

Name of Member	Position	Category
Shri Subhash Kocheta	Chairman	Independent Non Executive
Shri M.L.Jain	Member	Independent Non Executive

The Committee met 4 times during the year on 29.05.2010, 14.08.2010, 13.11.2010 and 12.02.2011

The attendance at the Shareholders/Investors Grievance Committee is as under:

Name of Member	No. of Meetings Held	No. of Meetings Attended
Shri Subhash Kocheta	4	4
Shri M.L.Jain	4	4

Shri Chetan Das Bairagi is the Compliance Officer.

The details of number of complaints /grievances received and resolved are as under:

Total number of grievances / complaints received during the year	Total number of grievances / complaints resolved during the year	Total number of grievances / complaints pending as on 31.03.2011
14	14	NIL

There is no grievances/complaints received from shareholders remaining unresolved except disputed as every efforts is maintained to immediately redress investors grievances / complaints without loss of time. The number of pending share transfer requests as on 31st March, 2011 is Nil.

Pursuant to Clause 47(f) of the Listing Agreement, the Company has designated the following exclusive e-mail id for the convenience of investors: *investorrelations.vsl@gmail.com*

Insider Trading

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors/Officers/Designated Employees. The Code ensures the prevention of dealing in Company's Shares by person having access to unpublished price sensitive information.

6. General Body Meeting

The details of last three AGM and special resolution passed therein are as under:

AGM	Venue	Date and Time	No. of Special Resolution
16 th	Hotel Amar Vilas,1, Chandra Nagar, A.B. Road, Opp. Sony World, Indore-452010(M.P.)	Sept.27 th ,2008,10.00 a.m.	NIL
17 th	Hotel Amar Vilas,1, Chandra Nagar, A.B. Road, Opp. Sony World, Indore-452010(M.P.)	Sept.26 th ,2009,10.00 a.m.	NIL
18 th	Hotel Amar Vilas,1, Chandra Nagar, A.B. Road, Opp. Sony World, Indore-452010(M.P.)	Sept.30 th ,2010,10.00 a.m.	NIL

Passing of resolution by postal ballot

No special resolution proposed to be conducted through postal ballot during the financial year. At the forthcoming Annual General Meeting also, there is no item in the agenda that needs approval by postal ballot.

7. Disclosures

There were no materially significant transactions with related parties that may have a potential conflict with the interest of the company at large. The details of related transactions are included in the Notes to the Audited Accounts.



Company has established risk assessment and minimization procedures, which are reviewed by the Board periodically.

There were no cases of non-compliance, no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years

There is no Whistle Blower Policy, however no person has been denied to access to the Audit Committee.

The Company complies with all the mandatory requirements and one non mandatory requirements of clause 49 of Listing Agreement viz. Constitution of Remuneration Committee of the Directors.

8. CEO/CFO Certification

The requisite certification from the Managing Director/CFO required to be given under Clause 49(V) was placed before the Board of Directors of the Company.

9. Means of Communication

In compliance with the requirement of clause 41 of the Listing Agreement with Bombay Stock Exchange Ltd., the Company regularly intimates unaudited quarterly results / half yearly results / audited annual financial results to the stock exchange immediately after the same are approved by the Board. Further unaudited quarterly results / half yearly results/ audited annual financial results are announced within the stipulated time and are published in English (Pioneer) and Hindi (Swadesh) Newspapers.

The Management Discussion and Analysis Report is given separately in the Annual Report.

10. General Shareholders Information

1. Annual General Meeting	
Date	Friday, 30 th day of September, 2011
Venue	Hotel Amar Vilas, 1 Chandra Nagar, A.B. Road, Opp. Sony World, Indre-452010 (M.P.)
Time	10.00 A.M.
Last Date of receipt of Proxy Forms	28 th Sept., 2011 before 10.00 A.M. at the registered office of the Company
2. Financial Year	
Your Company observes 01 st April to 31 st March as its financial year. Adoption of quarterly results for the quarter ending (Tentative)	
30 th June 2011	On or before 14 th August 2011
30 th September 2011	On or before 14 th Nov. 2011
31 st December 2011	On or before 14 th Feb. 2012
31 st March, 2012 (Audited)	On or before 30 th May 2012

Date of Book Closure

Friday, the 23rd day of September 2011 to Friday, 30th day of September, 2011 (both days inclusive)

Listing on Stock Exchanges

The Company's equity shares are listed on the following Stock Exchange:

Bombay Stock Exchange Ltd.

Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400 001.

Stock Code

Scrip Code:-Bombay Stock Exchange - 514302

Trading Symbol-Bombay Stock Exchange- VIPPYSP

Demat ISIN number in NSDL and CDSL for equity shares: INE660D01017

**Market Price Data**

The monthly high and low quotation of equity shares of the company at the Bombay Stock Exchange Ltd., Mumbai during the financial year 2010-11 are given below:

Month	High (₹)	Low (₹)
April, 2010	9.00	6.09
May, 2010	9.34	7.80
June, 2010	10.49	8.30
July, 2010	11.00	6.89
August, 2010	11.62	8.00
September, 2010	10.64	7.13
October, 2010	13.00	8.06
November, 2010	12.25	9.00
December, 2010	10.99	8.80
January, 2011	11.52	8.10
February, 2011	11.60	7.53
March, 2011	11.20	8.90

Registrar and Share Transfer Agents

Ankit Consultancy Pvt. Ltd.
60, Electronic Complex,
Pardeshipura, Indore (M.P.) - 452010
Ph. 0731-3198601-602, 2551745-46
Fax. 0731-4065798
e-mail: ankit_4321@yahoo.com
Time : 10.00 a.m. to 6.00 p.m.

Share Transfer System

The shares lodged in physical form with the Registrar & Share Transfer Agents are reprocessed, registered and returned within a period of 30 days from the date of receipt, if the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. Delegation of the power approving the share transfer given to officers of the Company. A detail of transfer of shares of the company is placed at every shareholders/ Investors Grievance Committee.

Distribution of Shareholding as on 31.03.2011

No. of equity share held	Shareholders		Equity Shares Held	
	Numbers	% to total	Numbers	% to total
1-500	9016	92.80	1266323	21.57
501-1000	404	4.16	332496	5.67
1001-2000	156	1.61	233668	3.98
2001-3000	34	0.35	86405	1.47
3001-4000	15	0.15	54120	0.92
4001-5000	37	0.38	181517	3.09
5001-10000	25	0.26	191340	3.26
10001 & Above	28	0.29	3524131	60.04
Total	9715	100	5870000	100

**Shareholding Pattern of the Company as on 31.03.2011**

Category of Holders	No. of Shares	% of Total Shares
Promoters	2878140	49.03
Financial Insti./Mutual fund/Banks/ FIIs/ Govt./Venture Capital Fund etc.	3800	0.06
Other Corporate bodies	301937	5.14
Indian Public	2403704	40.96
Non- Residents/ /OCBs	280018	4.77
Any other (clearing member)	2401	0.04
Total	5870000	100.00

Dematerialisation of Shares and Liquidity

The shares of the Company are in compulsory demat segment. The Company's shares are available for demat with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Ltd. (NSDL).

As on 31st March 2011, out of total 5870000 equity shares of the Company 4540230 equity shares representing 77.35% have been dematerialised with the following depositories:

- (1) Central Depository Services (India) Ltd.(CDSL) 819075 shares.
- (2) National Securities Depository Ltd. (NSDL) 3721155 shares.

Outstanding Securities

There is no securities outstanding at the end 31st, March, 2011.

Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of declaration of Dividend	Due date for transfer to IEPF
2005-06	September 30,2006	November 5,2013
2006-07	September 29,2007	November 4,2014

Plant Location:

14-A, Industrial Area No.1,
A.B Road, Dewas (M.P.) - 455001

Address for Correspondence:

14-A, Industrial Area No.1,
A.B Road, Dewas (M.P.) - 455001
Phone Nos.: 07272-258251 / 258252/405352
Fax No.: 07272-400121

**CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Members of **Vippy Spinpro Ltd.**

We have examined the compliance of conditions of Corporate Governance by Vippy Spinpro Ltd. for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders /Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Shilpesh Dalal & CO.**
Company Secretary

Shilpesh Dalal
(Proprietor)

Indore, May 30th, 2011

Annual Declaration pursuant to clause 49(I) (d) (ii) of the Listing Agreement

As per the requirements of clause 49 (I) (D) (ii) of the Listing Agreement, I hereby declare that all the members of the Board of Directors and Senior Management have affirmed confirmed compliance with the Code of Conduct for the year ended on 31.03.2011.

Dewas, May 30th, 2011

Piyush Mutha
Managing Director

**AUDITOR'S REPORT**

To,
The Members of **Vippy Spinpro Ltd.**,

1. We have audited the attached Balance Sheet of VIPPY SPINPRO LTD., DEWAS as at 31st March, 2011, the related Profit & Loss Account of the Company for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in term of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we consider appropriate and according to the information and explanation given to us, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, the company has kept proper books of accounts as required by law so far as appears from our examinations of those books;
 - iii. The Balance Sheet, the Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet and the Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 1. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011.
 2. In the case of the Profit & Loss Account of the Profit for the year ended on that date and
 3. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For Sodani & Company
Chartered Accountants**

Rajesh Sodani
(Partner)
M.No. F-77005
FRN 000880C

Dewas, May 30th, 2011

**ANNEXURE TO THE AUDITOR'S REPORT****(Referred to in paragraph 3 of our report of even date)**

We report that :

- i.**
 - a.** The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b.** As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
 - c.** The Company has not disposed off any substantial part of fixed assets during the year.
- ii.**
 - a.** As explained to us, the Management has conducted physical verification of inventory at reasonable intervals.
 - b.** The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c.** In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
- iii.** As informed to us, The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and as such clauses 4(iii)(a) to (g) of the order are not applicable.
- iv.** There are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v.**
 - a.** In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements, that needs to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b.** In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements, that needs to be entered into the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respective of one of party amounting to ₹ 1,74,19,214/- during the year have been made at a price which appear reasonable as per information available with the company.
- vi.** In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the question of compliance with the provisions of section 58A and 58AA or any other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise.
- vii.** In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii.** The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 with respect to the company's product. We have reviewed the books of accounts maintained by the Company in this connection. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.



- ix. a. According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, customs duty, excise-duty, service tax, cess and other statutory dues.
- b. According to the records of the Company, the dues outstanding of sales tax, income tax, cess and other statutory liability on account of any disputes are as follows :-

Name of the statute	Nature of the dues	Amount outstanding as on 31.3.11	Period to which the amount relates	Forum where dispute is pending
Entry Tax Act.	Entry Tax	₹ 2,43,910	2004-05	Appeal pending with appellate Board Bhopal
Entry Tax Act.	Entry Tax	₹ 1,07,982	2005-06	Appeal pending with appellate Board Bhopal
Entry Tax Act	Entry Tax	₹ 7,90,496	2007-08	Matter pending with Additional Commissioner of commercial tax Indore

- x. The company has no accumulated loss at the end of the financial year 31st March, 2011 and it has not incurred cash loss in the current and immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us the Company has not defaulted in re-payment of its dues to banks and debenture holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence provision of clause 4(xii) of the order are not applicable.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable.
- xiv. The Company has maintained proper records of transactions and contracts in respect of dealing in shares, securities and other investment and timely entries have generally been made therein. All shares and other securities have been held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. According to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which they were raised.
- xvii. To the best of our knowledge and belief and according to the information and explanations given to us, the fund raised on short term basis have not been used for long term investment and the fund raised on long term basis have not been used for short term investment.
- xviii. The Company has not made any preferential allotment of shares to the parties and companies listed in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, the provisions of clause 4(xviii) of the order are not applicable to the Company.



- xix.** No debentures have been issued by the Company and hence, the question of creating security or charges in respect thereof does not arise.
- xx.** The Company has not raised any money by way of public issues during the year.
- xxi.** On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

**For Sodani & Company
Chartered Accountants**

**Rajesh Sodani
(Partner)
M.No. F-77005
FRN 000880C**

Dewas, May 30th, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	AS AT 31-03-2011 (₹)	AS AT 31-03-2010 (₹)
SOURCES OF FUND :			
Shareholders' Fund			
(a) Share Capital	1	5,85,91,500	5,85,91,500
(b) Reserves & Surplus	2	<u>8,67,55,221</u>	<u>6,64,23,516</u>
		<u>14,53,46,721</u>	<u>12,50,15,016</u>
Loan Funds			
(a) Secured Loans	3	23,53,50,465	20,15,84,653
(b) Unsecured Loans		-	-
		<u>23,53,50,465</u>	<u>20,15,84,653</u>
Deferred Tax Liabilities			
		<u>2,07,72,670</u>	<u>2,23,40,377</u>
	TOTAL	<u>40,14,69,856</u>	<u>34,89,40,046</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	4	36,17,60,775	33,35,04,146
Less: Depreciation		<u>17,98,71,141</u>	<u>15,17,21,694</u>
Net Block		<u>18,18,89,634</u>	<u>18,17,82,452</u>
Capital Work in Progress		-	<u>1,19,25,204</u>
		<u>18,18,89,634</u>	<u>19,37,07,656</u>
Investments			
	5	4,30,180	4,30,180
Current Assets, Loans & Advances			
(a) Inventories	6	17,57,60,339	11,63,31,374
(b) Sundry Debtors	7	7,14,74,976	7,67,49,103
(c) Cash & Bank Balances	8	22,93,206	58,94,687
(d) Loans & Advances	9	1,07,31,515	78,69,571
(e) Other Current Assets	10	<u>44,97,215</u>	<u>46,28,435</u>
		<u>26,47,57,251</u>	<u>21,14,73,170</u>
Less: Current Liabilities			
(a) Liabilities	11	2,27,33,079	4,42,32,342
(b) Provisions	12	<u>2,28,74,130</u>	<u>1,24,38,618</u>
		<u>4,56,07,209</u>	<u>5,66,70,960</u>
Net Current Assets			
		<u>21,91,50,042</u>	<u>15,48,02,210</u>
	TOTAL	<u>40,14,69,856</u>	<u>34,89,40,046</u>
Notes on Accounts			
	20		

The Schedule referred to herein form an integral part of Balance Sheet.

As per our report of even date annexed

For and on behalf of
SODANI & COMPANY
Chartered Accountants

Rajesh Sodani
Partner

M.No. F- 77005
Dewas, May 30th, 2011

Piyush Mutha
Managing Director

M.L. Jain
Director

M. Maruthi Rao
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	For the Year ended 31-03-2011 (₹)	For the Year ended 31-03-2010 (₹)
INCOME :			
Sales & Other Income	13	<u>89,13,49,439</u>	<u>53,79,93,076</u>
		<u>89,13,49,439</u>	<u>53,79,93,076</u>
EXPENDITURE:			
Raw Material Consumed	14	67,32,46,517	37,28,71,985
Manufacturing Expenses	15	7,52,31,090	4,93,06,412
Employees Remuneration & Benefits	16	1,32,27,786	1,10,63,323
Administrative Expenses	17	92,02,837	56,12,993
Selling and Distribution Exps	18	3,96,87,465	2,73,11,703
Purchase of Trading Materials		2,66,77,087	2,06,90,563
Interest (Net)		1,56,24,070	1,17,92,698
Adjustment due to (increase) decrease in stock	19	(1,99,51,020)	12,75,699
		<u>83,29,45,832</u>	<u>49,99,25,376</u>
PROFIT BEFORE DEPRICIATION & TAX		<u>5,84,03,607</u>	<u>3,80,67,700</u>
LESS: DEPRECIATION		<u>2,81,49,447</u>	<u>2,28,33,150</u>
PROFIT BEFORE TAXATION		<u>3,02,54,160</u>	<u>1,52,34,550</u>
LESS: PROVISION FOR TAXATION			
Current Tax	1,14,50,000		
Deferred Tax (Assets)/Liabilities	(15,67,707)		
		<u>98,82,293</u>	<u>52,77,149</u>
PROFIT FOR THE YEAR AFTER PROVISION FOR TAXATION		<u>2,03,71,867</u>	<u>99,57,401</u>
LESS: PROVISION OF PRIOR YEARS		<u>40,162</u>	<u>2,78,957</u>
		<u>2,03,31,705</u>	<u>96,78,444</u>
APPROPRIATIONS			
Transferred to General Reserve		-	-
Balance carried to Balance Sheet		<u>2,03,31,705</u>	<u>96,78,444</u>
		<u>2,03,31,705</u>	<u>96,78,444</u>
Notes on Accounts	20		

The Schedule referred to herein form an integral part of Profit & Loss A/c

As per our report of even date annexed
For and on behalf of
SODANI & COMPANY
Chartered Accountants

Rajesh Sodani

Partner

M.No. F- 77005

Dewas, May 30th, 2011

Piyush Mutha
Managing Director

M.L. Jain
Director

M. Maruthi Rao
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Current Year (₹)	Previous Year (₹)
SCHEDULE-1		
SHARE CAPITAL:		
Authorised :		
70,00,000 Equity Shares of ₹ 10/- each	<u>7,00,00,000</u>	<u>7,00,00,000</u>
Issued, Subscribed & Paid up:		
58,70,000 Equity Shares of ₹ 10/- each	5,87,00,000	5,87,00,000
Less: Allotment Money unpaid (Other than Directors)	1,08,500	1,08,500
	<u>5,85,91,500</u>	<u>5,85,91,500</u>
SCHEDULE-2		
RESERVES AND SURPLUS:		
General Reserve		
Balance as per last year	25,00,000	
Add: During the year	<u>-</u>	25,00,000
	25,00,000	
Profit and Loss A/c.		
Balance as per last year	6,33,43,516	
Add: Profit During the year	<u>2,03,31,705</u>	6,33,43,516
	8,36,75,221	
Capital Reserve	5,80,000	5,80,000
	<u>8,67,55,221</u>	<u>6,64,23,516</u>
SCHEDULE-3		
SECURED LOANS:		
1. From Scheduled Banks:		
(a) Hyp. & Book debts Account (Secured by Hypothecation of Stock of Raw Material, Semi finished goods Work in Progress/Process, Stores & Spares Packing Material & Book debts)	12,59,38,079	7,83,27,831
(b) Term Loan		
Term Loan II	3,56,02,761	4,58,20,960
Term Loan III	1,79,41,182	2,15,56,067
Term Loan IV	5,52,03,896	5,43,31,590
(Secured by a first charge on Land & building and Plant & Machinery both present & future.)		
(c) Vehicle Loan (Secured by Hypothecation of Vehicles)	6,64,547	15,48,205
	<u>23,53,50,465</u>	<u>20,15,84,653</u>



(₹)

**SCHEDULE - 4
FIXED ASSETS**

S. No.	Particulars of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01.04.2010	Additions	Deductions	As on 31.03.2011	Upto 31.03.2010	Deductions	For the Period	Upto 31.03.2011	As on 31.03.2010	As on 31.03.2011
1	Leasehold Land	8,67,683	-	-	8,67,683	-	-	-	-	8,67,683	8,67,683
2	Plant & Machinery	24,99,47,489	1,44,98,166	26,44,45,655	26,44,45,655	12,04,06,968	- 2,23,29,983	14,27,36,951	12,17,08,704	12,95,40,521	
3	Office Equipments	3,71,236	74,250	- 4,45,486	4,45,486	3,16,921	- 23,605	3,40,526	1,04,960	54,315	
4	Furniture & Fixtures	19,23,602	62,829	- 19,86,431	19,86,431	12,39,628	- 1,57,495	13,97,123	5,89,308	6,83,974	
5	Vehicles	60,19,885	2,61,316	- 62,81,201	62,81,201	29,54,227	- 8,03,452	37,57,679	25,23,522	30,65,658	
6	Building & Site Development	4,31,96,177	1,32,79,234	- 5,64,75,411	5,64,75,411	1,91,78,949	- 32,18,313	2,23,97,262	3,40,78,149	2,40,17,228	
7	Computer	20,26,584	80,834	- 21,07,418	21,07,418	18,77,253	- 77,400	19,54,653	1,52,765	1,49,331	
8	Wind Mill	2,91,51,490	-	- 2,91,51,490	2,91,51,490	57,47,748	- 15,39,199	72,86,947	2,18,64,543	2,34,03,742	
		33,35,04,146	2,82,56,629	- 36,17,60,775	36,17,60,775	15,17,21,694	- 2,81,49,447	17,98,71,141	18,18,89,634	18,17,82,452	
	Previous Year (2009-10)	28,27,84,860	5,26,49,055	19,29,769	33,35,04,146	13,02,43,541	13,54,997	15,17,21,694	18,17,82,452		
	Capital Work In Progress									1,19,25,204	



<u>SCHEDULE-5</u>	Current Year (₹)	Previous Year (₹)
INVESTMENTS: (At Cost or Market Price whichever is less)		
LONG TERM INVESTMENTS (QUOTED):		
i) 20,000 Shares of Nucleus Securities Ltd. (Previous year 20000 Shares)	32,200	32,200
ii) 7,372 Shares of Punjab National Bank (Previous year 7,372 Shares)	3,97,980	3,97,980
	<u>4,30,180</u>	<u>4,30,180</u>
Aggregate book value of investments:		
a) Quoted Investments	4,30,180	4,30,180
b) Unquoted Investments	-	-
	<u>4,30,180</u>	<u>4,30,180</u>
Aggregate market value of quoted investments	<u>97,30,024</u>	<u>83,08,993</u>
 <u>SCHEDULE-6</u>		
INVENTORIES: (Taken as valued and certified by the management)		
(a) Stores & Spares	69,81,652	77,24,571
(b) Fuel	4,06,784	-
(c) Raw Materials	13,64,93,431	9,66,79,351
(d) Finished Goods		
Yarn	2,76,74,467	
Waste	<u>13,37,128</u>	93,46,469
(e) Goods In Process	28,66,877	25,80,983
	<u>17,57,60,339</u>	<u>11,63,31,374</u>
 <u>SCHEDULE-7</u>		
SUNDRY DEBTORS: (Unsecured considered Good)		
Over Six months	15,94,744	21,02,994
Less than Six months	6,98,80,232	7,46,46,109
	<u>7,14,74,976</u>	<u>7,67,49,103</u>
 <u>SCHEDULE-8</u>		
CASH & BANK BALANCES:		
(a) Cash in hand	3,90,020	3,12,463
(b) Bank Balance with scheduled banks		
On current Accounts	8,17,156	8,49,644
On Fixed Deposit A/c.	10,86,030	47,32,580
	<u>22,93,206</u>	<u>58,94,687</u>



SCHEDULE-9	Current Year (₹)	Previous Year (₹)
LOANS & ADVANCES		
(Unsecured considered Good)		
Recoverable in cash or kind for value to be received		
Advances:		
For Raw Material	92,036	1,03,811
For Capital Goods	14,60,318	5,77,937
For Stores Materials	3,05,586	7,22,381
For Others	88,73,575	64,65,442
	<u>1,07,31,515</u>	<u>78,69,571</u>
 SCHEDULE-10		
OTHER CURRENT ASSETS:		
(A) Deposits:		
District Industries Centre	4,518	4,518
M.P.Lghu Udyog Nigam	3,000	3,000
Sales Tax office Dewas	10,000	10,000
M.P.E.B. Security Deposit	37,85,870	38,32,698
Others	35,283	34,783
(B) Pre-paid Expenses	5,29,932	5,49,326
(C) Tax Deducted At Source	1,28,612	1,94,110
	<u>44,97,215</u>	<u>46,28,435</u>
 SCHEDULE-11		
CURRENT LIABILITIES:		
Sundry Creditors:		
i) Due to Micro, Medium and Small Enterprises	-	-
ii) Due to other then Micro, Medium and Small Enterprises		
a) For Supply of Raw Material	1,09,46,599	1,63,23,621
b) For Stores	4,47,425	6,21,012
c) For Capital Goods	2,035	22,287
d) For Others	94,70,759	2,66,43,468
Other Current Liability	18,66,261	6,21,954
	<u>2,27,33,079</u>	<u>4,42,32,342</u>
 SCHEDULE-12		
PROVISIONS:		
Outstanding Liabilities	1,14,24,130	70,38,618
Provision for Income - tax	1,14,50,000	54,00,000
	<u>2,28,74,130</u>	<u>1,24,38,618</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED
31 ST MARCH, 2011**

	Current Year (₹)	Previous Year (₹)
SCHEDULE-13		
SALES AND OTHER INCOME:		
Sales	88,72,62,439	53,39,52,667
	<u>88,72,62,439</u>	<u>53,39,52,667</u>
Other Income:		
Dividend from Investment	88,964	3,35,796
Lease Rent	5,62,950	4,75,380
Long term Capital Gain	-	1,00,084
Income from Wind Mill	34,35,086	31,29,149
	<u>40,87,000</u>	<u>40,40,409</u>
	<u>89,13,49,439</u>	<u>53,79,93,076</u>
SCHEDULE-14		
RAW MATERIAL CONSUMED:		
Cotton Consumed	67,11,99,799	37,01,08,933
Freight on Raw Material	20,46,718	27,63,052
	<u>67,32,46,517</u>	<u>37,28,71,985</u>
SCHEDULE-15		
MANUFACTURING EXPENSES:		
Stores & Spares	71,85,116	70,90,062
Power & Fuel	4,45,90,339	3,16,01,988
Repairs to Plant & Machinery	17,16,018	16,80,802
Testing Charges	33,523	17,935
Water Charges	2,83,337	3,28,364
Hank Yarn Exps.	1,12,41,946	13,16,470
Miscellaneous Exps.	1,01,80,811	72,70,791
	<u>7,52,31,090</u>	<u>4,93,06,412</u>
SCHEDULE-16		
EMPLOYEES REMUNERATION & BENEFITS:		
Salary, Wages, Bonus and Allowances	93,07,038	71,99,165
Company's contribution to ESIC, PF and Gratuity	15,15,577	10,72,411
Directors Remuneration & Perquisite	18,06,378	22,84,333
Cont.to Superannuation Scheme for Directors	1,98,000	2,70,000
Labour Welfare Exps.	4,00,793	2,37,414
	<u>1,32,27,786</u>	<u>1,10,63,323</u>



	Current Year (₹)	Previous Year (₹)
--	---------------------	----------------------

SCHEDULE-17**ADMINISTRATIVE EXPENSES:**

Lease Rent	7,562	7,562
Vehicle running & Maintenance	9,80,067	6,85,222
Travelling & Conveyance Expenses	3,08,657	3,53,021
Stationery & Printing	1,76,825	2,64,747
Telephone & Trunkcall	1,93,453	1,71,285
Directors Travelling	5,65,555	3,59,421
Repairs & Maintance to Building	10,32,354	98,450
Professional fee & Law charges	6,59,452	4,08,932
Rates & Taxes	6,74,680	1,29,170
Bank Commission & charges	5,19,122	4,96,781
Insurance	31,11,068	16,89,476
Audit Expenses	1,56,742	1,21,164
Miscellaneous Exps.	8,17,300	8,27,762
	92,02,837	56,12,993

SCHEDULE-18**SELLING & DISTRIBUTION EXPENSES:**

Selling Exps.	46,041	-
Packing material & Expenses	1,56,23,061	99,79,552
Brokerage & commission	1,10,43,151	66,71,077
Freight on sales	1,15,24,602	96,51,575
TCS Paid	44,816	55,596
Export Exps	14,05,794	9,53,903
	3,96,87,465	2,73,11,703

SCHEDULE-19**ADJUSTMENT DUE TO (INCREASE) DECREASE
IN STOCKS:**

Opening stock of Finished Goods and Stock in Process	1,19,27,452	1,32,03,151
Less: Closing stock of Finished Goods and Stock in Process	3,18,78,472	1,19,27,452
	(1,99,51,020)	12,75,699

**SCHEDULE - 20**

Attached to and forming part of the Accounts as at 31st March, 2011

NOTES :**A. SIGNIFICANT ACCOUNTING POLICIES :****1. Accounting Concepts:**

The financial statement are prepared under the historical cost convention, on accrual basis, on going concern basis, in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets:

Fixed assets are stated at cost of acquisition inclusive of duties (net of TED) taxes, incidental expenses and erection/commissioning expenses incurred up to the date the assets is put to use. Interest on borrowings and financing cost during the period of construction is added to the cost of fixed assets.

3. Depreciation :

Company has charged the Written Down Value (WDV) Method in respect of Assets acquired under Technology Upgradation Fund Scheme and all Assets acquired after 31st March, 2002, excluding Wind Mill at the rate specified in Schedule XIV of the Companies Act, 1956. On Wind Mill depreciation is charged on straight line method (SLM). Depreciation on all fixed assets is provided as per the old accounting policy on the straight-line method basis at the rate specified in schedule XIV of the Companies Act. 1956. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

4. Investments :

Long Term Investments are valued at cost and current investments are valued at lower of cost and market price. Provision for diminution in value is considered, if in the opinion of the management, such a decline is considered permanent.

5. Inventories :

Finished goods and stock in process are valued at lower of cost or net realizable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. Raw materials, packing materials, stores & spares are valued at lower of cost or net realizable value. Cost is ascertained on "Weighted Average" basis.

6. Revenue recognition:

Sales are recognized on delivery or on passage of title of the goods to the customer. They are accounted net of trade discounts and rebates but exclusive of CST /VAT.

7. Foreign Currency Transactions:

- a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transactions and realized exchange loss/gain are dealt with in the profit and loss account.
- b) Monetary assets and liability denominated in foreign currency are re-stated at the rate of exchange as on the balance sheet date and the exchange gain/loss suitably dealt with in the profit and loss account.
- c) Gain/ loss on foreign exchange forward contract as on balance sheet date is recognized in the profit and loss account.

**8. Borrowing Cost:**

Borrowing Cost that are directly attributable to the acquisition or construction of fixed assets are capitalized until the time all substantial activities necessary to prepare such assets for their intended use are complete. Other borrowing costs are recognized as an expense in the period in which they are incurred.

9. Gratuity / Superannuation Scheme:

Liabilities in respect of employee's group gratuity cash accumulation cum-life assurance scheme and Superannuation Scheme for key persons are funded by way of contribution to Life Insurance Corporation of India and are determined on the basis of actuarial valuation.

10. Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

11. Government Grants:

Capital grant relating to specific assets are reduced from the gross value of the fixed assets. Other revenue grant are credited to the profit and loss account as deducted from the related expenses.

12. Contingent Liabilities:

Contingent liabilities are determined on the basis of available information and are disclosed by way of notes to the accounts.

13. Earning (Loss) per share:

Basic earnings (loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholder by the weighted average number of equity shares outstanding during the period.

14. Impairment of assets:

If internal/external indications suggest that an assets of the company may be impaired, the recoverable amount of assets/ cash generating asset is determined on the balance sheet date and ; if it is less than its carrying amount, the carrying amount of the assets / cash generating unit is reduced to the said recoverable amount. The recoverable amount is measured as the higher of the net selling price and value in use of assets / cash generating unit, which is determined by the present value of the estimated future cash flows. As at the balance sheet date, there was no such indication.

B. NOTES ON ACCOUNTS:**1. Contingent Liabilities not provided for:****a) Counter Guarantee:**

For ₹ 82,61,400/- (₹ 78,79,400/-) given to Punjab National Bank for Guarantee given by them to Custom/DGFT department against which Company has given to bank FDR for ₹ 10,86,300/- as margin money.

b) Demand of Entry Tax by commercial tax department ₹ 2,43,910/- for assessment year 2004-05. Case pending with M.P. Tax Tribunal Board Bhopal.**c) Demand outstanding of Income Tax ₹ 1,65,272/- for assessment year 1996-97.****d) Demand of Entry Tax by commercial tax department ₹ 1,07,982/- for assessment year 2005-06. Case pending with M.P. Tax Tribunal Board Bhopal.****e) Demand of Entry Tax by commercial tax department ₹ 7,90,496/- for assessment year 2006-07. Case pending with Addl. Commissioner of Commercial Taxes (Appeal) Indore. Company has provided liabilities for ₹ 3,20,856/- in the financial year 2006-07.**



2. The break-up of Deferred Tax assets and liabilities and the effect on the reserves and the profit after tax are as under:

Nature of timing difference	Deferred Tax Assets/Liabilities As at 01.04.10	Change/Credit for the Current Year	Deferred Tax Assets/Liabilities as at 31.03.11
a. Deferred tax liabilities on account of: Depreciation	₹ 2,43,01,240/-	-	₹ 2,43,01,240/-
b. Deferred tax Assets on account of: Depreciation	₹ 19,60,863/-	₹ 15,67,707/-	₹ 35,28,570/-
c. Net deferred tax Liabilities	₹ 2,23,40,377/-	₹ 15,67,707/-	₹ 2,07,72,670/-

Deferred tax Assets ₹ 15,67,707/- (₹ 1,22,851/-) arising on account of lower depreciation admissible as per Income Tax Act, 1961.

3. In the opinion of the management and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the balance sheet. The provision for known liabilities is adequate and not in excess of the amount considered reasonable and necessary.
4. Balances of creditors, debtors, and advances are almost confirmed.
5. Payments against small scale and ancillary undertakings are made in accordance with the agreed credit terms and to the extent ascertained from available information, there was no amount overdue for more than 30 days as on 31st March, 2011. A Small Scale Industrial undertaking has the same meaning as assigned to it under clause (j) of section 3 of the Industries (Development and Regulation) Act, 1951.

The Company has not received the necessary information from the supplier/ service provider covered under Micro Small & Medium Enterprises Development Act, 2006 with respect to their registration with the appropriate authority. Hence the information required to be disclosed U/s 22 of the said act is not given or nil.

6. Keyman Insurance policy for Key Persons renewed by the company during the year and premium of ₹ 20,00,000/- paid.
7. In Union Budget 2004-05 textile goods have been exempted from excise duty, provided no credit under CENVAT Rule 2002 is taken. The company has decided to opt for exemption i.e. zero excise duty w.e.f. 9th July, 2004 under notification No. 30 dated 09.07.2004.
8. The Company has applied for assistance under M.P. Udyog Nivesh Samvardhan Sahayata Yojana 2004 and exemption for entry tax for its expansion programme. The application is under process.

9. Related Party Disclosure -

- a) Transactions :

1	Vippy Industries Ltd.	Purchase during the year	₹ 1,74,19,214/-
---	-----------------------	--------------------------	-----------------

- b) Managerial Remuneration

1	Shri Piyush Mutha	Managing Director	Remuneration	₹ 13,20,000/-
			Provident Fund	₹ 1,58,400/-
			Super Annuation	₹ 1,98,000/-
			Perquisite	₹ 1,22,978/-

The Managing Director, apart from the above, have no other transaction, pecuniary or otherwise, or business relationship with the company.



10. Figures of the previous year have been regrouped/rearranged/reclassified wherever necessary.

11. Earning Per Shares	Current Year	Previous Year
a) Net Profit after Tax (₹)	2,03,71,867	99,57,401
a) Number of Weighted Average Equity Shares	58,70,000	58,70,000
b) Nominal value of Share (₹)	10	10
c) Earning per share (₹)	3.470	1.696

12. Additional information required under part II 3,4 C & D of Schedule VI of the Companies Act 1956.

A. Managerial Remuneration to Directors:

	2010-2011 (₹)	2009-2010 (₹)
1) To the Managing Director		
a) Remuneration	13,20,000	12,00,000
b) Contribution to P.F & Others	3,56,400	3,24,000
c) Perquisites	1,22,978	88,333
d) Meeting Fees	Nil	Nil
e) Commission	Nil	Nil
2) To the Directors other than Managing Director		
a) Remuneration	2,05,000	7,80,000
b) Contribution to P.F & Others	Nil	1,62,000
c) Perquisites	Nil	Nil
d) Meeting Fees	Nil	Nil
e) Commission	Nil	Nil
3) To the Non Executive Directors		
a) Sitting Fees	5,500	5,000

B. Auditors Remuneration

a) Audit Fees	86,034	71,695
b) Tax Audit Fees	21,509	17,924
c) Certification Work	34,199	16,545
d) Cost Audit Fees	15,000	15,000

C. Number of employees throughout the year who were in receipt of Remuneration in aggregate to ₹ 24,00,000/- per annum or more:

a) Number of employee	Nil	Nil
b) Salary & others	Nil	Nil
c) Contribution to P.F.	Nil	Nil

D. Number of employees employed for any part of the year whose Remuneration was ₹ 2,00,000/- or more per month in aggregate:

a) Number of employee	Nil	Nil
b) Salary & others	Nil	Nil
c) Contribution to P.F.	Nil	Nil

E. Particulars of Licensed & Installed Capacities:

	2010-11 Rotors	2009-10 Rotors
a) Licensed Capacity	NA	NA
b) Installed Capacity	3168	2928

**F. Production and Sales :**

	Production		Sales			
	2010-11 M.T.	2009-10 M.T.	2010-2011 M.T.	2010-2011 ₹	2009-2010 M.T.	2009-2010 ₹
Cotton Yarn	7394.515	6069.592	7259.958	85,30,27,317	6130.585	50,57,68,852
Waste	596.476	558.871	493.392	43,54,659	556.555	53,77,433
Scrap/Others	-	-	-	28,65,832	-	9,92,142
Soya Grits			1411.115	2,70,14,631	914.50	2,18,14,240

G. Raw Material Consumed:

	2010-2011		2009-2010	
	M.T.	₹	M.T.	₹
a) Cotton	8068.805	67,32,46,517	6692.266	37,28,71,985
b) Yarn	-	-	-	-

H. Closing Stock of Finished Products:

	2010-2011 M.T.	2009-2010 M.T.
1) Cotton Yarn	254.701	120.144
2) Waste	149.838	46.754

I. Value of Imports:

	Current Year ₹	Previous Year ₹
Capital Goods (CIF Value)	1,02,18,000	3,93,03,294

J. Expenditure in Foreign Exchange :

	3,51,699	3,26,152
--	----------	----------

K. Earnings in Foreign Exchange :

Export of goods (FOB basis)	3,44,79,450	2,13,65,992
-----------------------------	-------------	-------------

L. Value of Imports and Indigenous Raw Materials Stores, Components and Spare parts Consumed:

	Value in ₹		Percentage	
	2010-2011	2009-2010	2010-2011	2009-2010
a) Raw Materials				
1) Imported	-	-	-	-
2) Indigenous	67,32,46,517	37,28,71,985	100%	100%
b) Stores & Spares				
1) Imported	14,11,284	26,51,829	19.64%	37.40%
2) Indigenous	57,73,832	44,38,233	80.36%	62.60%

14. Figures have been rounded off to the nearest rupees.

**PART IV**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Pursuant to provisions of Part IV of the Schedule VI of the Companies Act, 1956 as amended vide Notification No. G.S.R. 388 (E) dated 15.05.1995)

I Registration Details

Registration No.	10-07043	State Code	10
Balance Sheet Date	31-03-2011		

II Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	N i l	Right Issue	N i l
Bonus Issue	N i l	Private Placement	N i l

III Position of Mobilizations & Deployment of Funds (Amount in Thousands)

Total Liabilities	447077	Total Assets	447077
-------------------	--------	--------------	--------

Sources of Funds

Paid up Capital	58592	Reserve & Surplus	86755
Secured Loan	235350	Unsecured Loan	N i l
Other Liabilities	20773		

Application of Funds

Net Fixed Assets	181890	Investment	430
Net Current Assets	219150	Misc. Expenditure	-
Accumulated Losses	N i l		

IV Performance of Company (Amount in ₹ Thousands)

Turnover & other Income	891349	Total Expenditure	861095
Profit before Tax	30254	Profit after Tax	20332
Earning per Share (₹)	3.470		
Dividend Rate %	N i l		

V Generic Name of Principle Product of Company (as per monetary terms)

Item Code No. (ITC)	52051110
Product Description	COTTON YARN

Signature of Schedule 1 to 20 forms an integral part of Balance Sheet and Profit & Loss Account.

As per our report of even date annexed.

For and on behalf of
SODANI & COMPANY
Chartered Accountants

Rajesh Sodani
Partner
M.No.F-77005

Dewas, May 30th, 2011

Piyush Mutha
Managing Director

M.L. Jain
Director

M. Maruthi Rao
Director

**CASH FLOW STATEMENT**

Value in ₹

PARTICULARS	For the Year ended on 31.03.2011	For the Year ended on 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items:	3,02,54,160	1,52,34,550
Adjustment For :		
Depreciation & Write offs	2,81,49,447	2,28,33,150
Loss/ (Profit) on sale of Fixed assets	-	74,772
Interest (Net)	1,56,24,070	1,17,92,698
Dividend (Received)	(88,964)	(3,35,796)
Dividend Paid	-	-
Prior period Adjustment	(40,162)	(2,78,957)
Operating Profit before Working Capital Changes	7,38,98,551	4,93,20,417
Adjustment For :		
Decrease / (Increase) in Debtors Loans & Adv.	1,10,18,843	(1,87,10,712)
Decrease / (Increase) in Inventories	(5,94,28,965)	(6,03,91,406)
Increase / (Decrease) in current Liabilities	(2,25,14,251)	3,23,25,157
Cash Generated from operation	29,74,178	25,43,456
Interest (Net)	(1,56,24,070)	(1,17,92,698)
Direct Taxes paid	(84,75,440)	(48,13,630)
NET CASH FROM OPERATING ACTIVITIES:	(2,11,25,332)	(1,40,62,872)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,63,31,425)	(6,45,74,259)
Sale of Fixed Assets	-	5,00,000
Sale / (Purchase) of Investment	-	25,00,000
Dividend Received	88,964	3,35,796
NET CASH USED IN INVESTING ACTIVITIES:	(1,62,42,461)	(6,12,38,463)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Allotment Money	-	-
Proceeds from long term borrowings	95,41,222	4,80,04,141
Repayment of long term borrowings	(2,33,85,658)	(2,51,97,979)
Proceeds from Short term borrowings	4,76,10,248	4,42,23,104
NET CASH FLOW FROM FINANCING ACTIVITIES:	3,37,65,812	6,70,29,266
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(36,01,981)	(82,72,069)
Cash and Cash Equivalents as at 1/4/2010 (Opening Balance)	58,94,687	1,41,66,756
Cash and Cash Equivalents as at 31/3/2011 (Closing Balance)	22,92,706	58,94,687

Dewas, May 30th, 2011**Piyush Mutha**
Managing Director**M.L. Jain**
Director**M. Maruthi Rao**
Director**Auditor's Certificate**

We have examined the Cash Flow Statement of Vippy Spinpro Ltd. for the year ended 31st March, 2011. The statement has been prepared by the Company in accordance with the requirement of listing Agreement Clause 32 with the Stock Exchange and is based on and in agreement with the books and record of the Company and also the Profit & Loss Account and Balance Sheet of the Company covered by our report of even date addressed to the members of the Company.

For Sodani & Company
Chartered Accountants**Rajesh Sodani**
Partner
M.No. F-77005
FRN 000880CDewas, May 30th, 2011



VIPPY SPINPRO LTD.

Regd. Office : 318, City Centre, 570, M.G. Road, Indore (M.P.) - 452001

ATTENDANCE SLIP

19th Annual General Meeting 30th September, 2011

DP Id*.....

Folio No.....

Client Id*.....

No. of Shares.....

Full Name of the Shareholder/Proxy attending the meeting

(First Name)

(Middle Name)

(Surname)

I hereby record my presence at the Annual General Meeting on Friday, the 30th day of September 2011 at 10.00 A.M at Hotel Amar Vilas, 1, Chandra Nagar, A.B.Road, Opp. Sony World, Indore (M.P.) - 452010

Signature of Member/Proxy

*Applicable for investors holding shares in electronic form

Note: Member/Proxy attending the meeting must fill in this attendance slip and hand it over at the entrance of the meeting hall.



VIPPY SPINPRO LTD.

Regd. Office : 318, City Centre, 570, M.G. Road, Indore (M.P.) - 452001

PROXY FORM

19th Annual General Meeting 30th September, 2011

DP Id*.....

Folio No.....

Client Id*.....

No. of Shares.....

I/WE..... of.....

in the district of..... being a Member/Members of

Vippy Spinpro Ltd., hereby appointof.....

..... in the district of or failing him/her

.....of.....in the district of

..... as my /our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the

Company to be held on Friday, the 30th day of September , 2011 at 10.00 A.M. Hotel Amar Vilas, 1, Chandra Nagar,

A.B. Road, Opp. Sony World, Indore (M.P.) - 452010 and at any adjournment thereof.

Signed this day of2011



Signature

*Applicable for investors holding shares in electronic form.

Note: This Proxy form, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less that 48 hours before the meeting.



BOOK - POST

To, _____

If undelivered Please return to:
VIPPY SPINPRO LTD.
14-A, Industrial Area, A.B. Road,
Dewas (M.P.) - 455 001 India