

*37th
Annual Report & Accounts
2010-11*



VIPPY INDUSTRIES LTD.

An ISO 9001:2008 Certified Company



Board of Directors	: Shri Rahul Mutha (Managing Director) Shri Praneet Mutha(Executive Director) Dr. K. Savagaon Shri Sajeve Deora
Auditors	: M/s. Sodani & Company Chartered Accountants
Cost Auditors	: M. Goyal & Company
Company Secretary	: Prakash Chakrawarti
Registered Office	: 28 , Industrial Area, A.B. Road, Dewas- 455001 (M.P.) Phone: 07272-258545-6 Fax: 07272-258552
Works Office	: 28, 29 & 30 Industrial Area, A.B. Road, Dewas -455001 (M.P.) Phone: 07272-258545-6 Fax: 07272-258552
Registrar & Share Transfer Agent	: Ankit Consultancy Pvt. Ltd. 60, Electronic Complex, Pardeshipura, Indore (M.P.) - 452010 Ph. 0731-3198601-602, 2551745-46, Fax. 4065798 e-mail: ankit_4321@yahoo.com

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**NOTICE**

Notice is hereby given that the 37th Annual General Meeting of the Company will be held on Friday, 30th day of September, 2011 at 2.00 p.m. at the Registered Office of the Company situated at 28, Industrial Area, A. B. Road, Dewas-455001 (M. P.) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2011 and the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sajeve Deora who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Sodani & Company, Chartered Accountants (Firm Registration No. 000880C), as Auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.

SPECIAL BUSINESS

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

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

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

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

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

By Order of the Board
For Vippy Industries Ltd.

Prakash Chakrawarti
Company Secretary

Dewas, 30th May, 2011

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company.
2. The instrument appointing proxy should be deposited at the registered office of the Company not less than forty-eight hours before commencement of the meeting.
3. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting is annexed hereto.
4. The register of members and share transfer books will remain closed from Friday, 23rd September, 2011 to Friday, 30th September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
5. Members are requested to notify immediately any change of address to their Depository Participant (DPs) in respect of their electronic share accounts and to the Company's Registrar and Share Transfer Agent (RTA), M/s. Ankit Consultancy Pvt. Ltd., 60, Electronic Complex, Pardeshipura, Indore (M.P.) - 452010, in respect of their physical share folio, if any.
6. Members/proxies who wish to attend the meeting are requested to bring attendance slip sent herewith, duly filled in, and the copy of the Annual Report. Copies of the Annual Report will not be distributed at the meeting.
7. Brief resume of directors seeking appointment/re-appointment in ensuing annual general meeting are provided in the Report on Corporate Governance forming part of the Annual Report.

**EXPLANATORY STATEMENT**

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

Item No. 4

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

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

Note:

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

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

Memorandum of Interest

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

By Order of the Board
For Vippy Industries Ltd.

Prakash Chakrawarti
Company Secretary

Dewas, 30th May, 2011

**DIRECTORS' REPORT**

Dear Members,

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

FINANCIAL RESULTS

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

(₹ In Crores)

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

OPERATIONAL REVIEW

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

DIVIDEND

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

DIRECTORS

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

PARTICULARS OF EMPLOYEES

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

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

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

PUBLIC DEPOSITS

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

INSURANCE

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

ENVIRONMENT, POLLUTION CONTROL MEASURES & SAFETY

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year and of the profit of the Company for that period.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Pursuant to clause 49 of Listing Agreement with Bombay Stock Exchange Ltd. a Report on Corporate Governance and certificate from the M/s.Shilpesh Dalal & Co., Company Secretary in Practice thereon form a part of Annual Report.

IMPLEMENTATION OF REHABILITATION SCHEME SANCTIONED BY HON'BLE BIFR

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

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

AUDITORS

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

COST AUDIT

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

LISTING OF THE SHARES

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

HUMAN RESOURCE

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

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

**ERP IMPLEMENTATION**

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

Women Empowerment:

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

Health and Awareness:

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

Environment:

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

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

Social:

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

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

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

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

**ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

Dewas, 30th May, 2011

Rahul Mutha
Managing Director

Praneet Mutha
Executive Director

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

Information as per section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2011.

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

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

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

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

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

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

FORM-A

Particulars with respect to conservation of energy

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

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

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

R & D Expenditure: N.A.

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts in brief made towards technology absorption, adoption and innovation.	N.A.
2. Benefits derived as a result of the efforts.	N.A.
3. In case of imported technology during the last 5 years.	N.A.

III. FOREIGN EXCHANGE EARNING AND OUTGO

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

For and on behalf of the Board of Directors

Dewas, 30th May, 2011

Rahul Mutha
Managing Director

Praneet Mutha
Executive Director

**REPORT ON CORPORATE GOVERNANCE****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 and believes that good corporate governance practice outlines the attitude and conduct of people managing the Company. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time and to ensure that-

1. Adequate control systems exist to enable the Board to effectively discharge its responsibilities to all stakeholders of the Company;
2. The decision making process is fair and transparent.

2. Board of Directors

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

Composition of the Board

The strength of the Board of Directors as on 31st March, 2011 was four comprising the two whole-time directors individually tilted as Managing Director and one Executive Director respectively. The other two are independent Directors. The percentage of independent directors is 50% of the total strength of the Board. 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.

The names and categories of the Directors on the board, and number of directorship and committee chairmanship/membership held by them on other companies is given below:

Name of Directors	Category	Directorship in other Public Companies incorporated in India	Committee# Position held in other public companies incorporated in India	
			Chairman	Member
Shri Rahul Mutha	Promoter -Executive	-	-	-
Shri Praneet Mutha	Promoter -Executive	1	-	-
Dr. K. Savagaon	Independent Non Executive	-	-	-
Shri Sajeve Deora	Independent Non Executive	6	4	1

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

Information on directors appointment/re-appointment as required under clause 49 of the Listing Agreement

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Sajeve Deora, the Director, is due to retire at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Shri Rahul Mutha has been re- appointed as a Managing Director w.e.f.30.06.2011 for the period from 30.06.2011 to 31.03.2013.



The Profile of the Shri Sajeve Deora, Director is as under:

Name of Director	Shri Sajeve Deora
Date of Birth	27/12/1959
Date of Appointment	30/10/2001
Qualification	Chartered Accountant
Experience in specific functional area	Shri Sajeve Deora is a practicing Chartered Accountant having more than 28 years of experience in the field of negotiating, structuring and concluding change of Shareholding and Management of Business, advising compliance and obtaining approvals under Corporate and related Economic legislations, drawing commercial contracts and documents, advising and structuring entry strategy for operations of overseas businesses in India, Indian businesses at overseas locations, preparing plans driven by considerations of development and diversification / consolidation, and financial and debt restructuring (amalgamation and/ or de-merger as options) and presenting them to Board of Directors, Financial Institutions and Banks, accounting and audit of Books of Account, advising and representing in Direct taxation assessment and appellate matters, securing and renegotiating financial arrangements for existing and new projects, and issue of new capital, identifying vendors for acquiring technology and machinery and concluding arrangements.
Directorship held in other Indian public companies	6
Membership/Chairmanship of Committees of other public companies (includes only Audit Committee and Shareholders/investors Grievance Committee)	5
Number of Shares held in the Company	NIL

The Profile of the Shri Rahul Mutha, Managing Director is as under:

Name of Director	Shri Rahul Mutha
Date of Birth	16/09/1965
Date of Appointment	01/02/1992
Qualification	Master of Commerce (M.Com)
Experience in specific functional area	Shri Rahul Mutha is Master of Commerce (M.Com) and possess vast experience in the field of Finance and Marketing. He has more than 25 years experience on Soya Extraction Industries. He is on the board of the Company since 01.02.1992.
Directorship held in other Indian public companies	NIL
Membership/Chairmanship of Committees of other public companies (includes only Audit Committee and Shareholders/investors Grievance Committee)	NIL
Number of Shares held in the Company	10322145

**Attendance of the Directors at the Board Meeting and Last Annual General Meeting**

The Details of attendance of each Director at the Board Meetings and at last Annual General Meeting held on 30.09.2010 are given below:

Name of Directors	Category of Directorship	No. of Board Meetings Attended during the year 2010-2011		Attendance at last AGM held on 30 th Sept.2010
		Held	Attended	
Shri Rahul Mutha	Promoter -Executive	9	9	Yes
Shri Praneet Mutha	Promoter -Executive	9	9	No
Dr. K.Savagaon	Independent Non Executive	9	4	Yes
Shri Sajeve Deora	Independent Non Executive	9	4	Yes

Board Procedures

During the financial year ended 31st March, 2011, total 9 meetings of Board of Directors were held on 25.05.2010, 29.05.2010, 17.07.2010, 14.08.2010, 30.09.2010, 13.11.2010, 18.12.2010, 12.02.2011 & 01.03.2011 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 instances of non-compliances, if any.

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.

Code of Conduct

The Board had laid down a code of conduct for all board members and senior management of the Company. All the members of board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2011 and a declaration to that effect signed by the Managing Director is enclosed and form part of this report. The Code of Conduct is available on the website of the Company www.vippysoya.com.

3. Audit Committee

The Company has constituted an Audit Committee in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The terms of reference to the Committee covers accounting matters, financial reporting, internal controls and the matters as contained in section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Composition and Attendance

The Audit Committee of the Board, as on 31st March, 2011, comprised of following three directors of the Company –two non executive & independent and one executive & non independent. All members of the Audit Committee are financially literate. The Chairman of the Committee is a Practicing Chartered Accountant.

The composition of the Audit committee and details of meeting attended by the members of audit Committee are given below:

Name	Position	Category	No. of Meetings during the year	
			Held	Attended
Shri Sajeve Deora	Chairman	Independent Non Executive	4	4
Dr. K.Savagaon	Member	Independent Non Executive	4	4
Shri Rahul Mutha	Member	Promoter- Executive	4	4

The Audit Committee met 4 times during the year on 29.05.2010, 14.08.2010, 13.11.2010, & 12.02.2011. The Company Secretary acted as the secretary to the Audit Committee.

**4. Remuneration Committee**

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

Composition and Attendance

The Remuneration Committee of the Board, as on 31st March, 2011, comprised of following three directors of the Company—two non executive & independent and one executive & non independent.

The composition of the Remuneration Committee are given below:

Name	Position	Category
Dr. K.Savagaon	Chairman	Independent- Non Executive
Shri Sajeve Deora	Member	Independent- Non Executive
Shri Praneet Mutha	Member	Promoter - Executive

During the year under review, no meeting of the Remuneration Committee was held.

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

The details of remuneration paid to Managing Director & Executive Director for the year ended 31st March, 2011 is as follows.

Name of Director	Salary (₹)	Perquisites and other benefits (₹)	PF (₹)	Total (₹)
Shri Rahul Mutha (M.D.)	17,25,000	1,12,368	2,07,000	20,44,368
Shri Praneet Mutha (E.D.)	12,00,000	-	1,44,000	13,44,000

Remuneration to Non Executive Directors

Non- Executive Directors were paid sitting fees for attending the meetings of the Board of 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.

Number of shares held by Non-Executive Directors as on 31.03.2011

Name	No. of shares held
Dr. K.Savagaon	750
Shri Sajeve Deora	NIL

5. Shareholders / Investors Grievance Committee

The Committee looks into the Shareholders and Investors complaints on matters relating to transfer of shares, 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 Agents, 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 and Attendance**

The composition of the Shareholders / Investors Grievance Committee and details of meeting attended by the members of the Committee are given below:

Name	Position	Category	No. of Meetings during the year	
			Held	Attended
Dr. K.Savagaon	Chairman	Independent -Non Executive	4	4
Shri Rahul Mutha	Member	Promoter -Executive	4	4

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

Shri Prakash Chakrawarti, Company Secretary 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
50	50	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.

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
34 th	Registered Office	Sept.27, 2008, 2.00 p.m.	NIL
35 th	Registered Office	Sept.26, 2009, 2.00 p.m.	NIL
36 th	Registered Office	Sept.30, 2010, 2.00 p.m.	NIL

- No special resolution proposed to be conducted through postal ballot.

7. Disclosures**• Related Party Transactions**

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.

• Risk Management

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

• Statutory Compliance, Penalties and Strictures

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI, consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non compliance of any matter related to the capital markets during the last three years.



- **Whistle Blower Policy**

The Company does not have any Whistle Blower Policy. However no personnel has been denied to access to the audit committee.

- **Compliance of mandatory requirements and adoption of the non mandatory requirements**

The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement. In addition, the Company has also adopted following non-mandatory requirement on corporate governance recommended under clause 49 of the listing agreement:

A Remuneration Committee formed by the Company having two independent non executive directors and one executive non independent Director.

8. Code of Conduct for prevention of Insider Trading

The Company has a code of conduct for prevention of Insider Trading in the shares/ securities of the Company. This code, interalia, prohibits purchase/sale of shares of the company by Directors /Officers/designated employees while in possession of unpublished price sensitive information in relation to 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 / audited annual financial results to the stock exchange immediately after the same are approved by the board. Further unaudited quarterly results / half yearly / audited annual financial results are announced within the stipulated time and are published in English (Pioneer) and Hindi (Swadesh) Newspapers. The Company's results are displayed on the website www.vippysoya.com.

There were no presentations made to the Institutional Investors or to the Analysts.

The Company has a separate e-mail ID- investor_relations@vippysoya.com for investors to intimate their grievances, if any.

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

10. General Shareholders Information

Annual General Meeting

Date & time	Friday, 30 th day of September, 2011 at 2.00 p.m.
Venue	Registered Office, 28, Industrial Area , A.B.Road Dewas -455001 (M.P.)
Financial Year	1 st April, 2011 to 31 st March, 2012
	Adoption of quarterly results for the quarter ending (Tentative)
	a. 1 st Quarterly Results On or before 14 th August, 2011
	b. 2 nd Quarterly Results On or before 14 th Nov., 2011
	c. 3 rd Quarterly Results On or before 14 th Feb., 2012
	d. Annual Audited Results On or before 30 th May, 2012
Date of Book Closures	Friday, 23 rd September, 2011 to Friday, 30 th , September, 2011 (both days inclusive)
Dividend Payment	No dividend has been declared for the F.Y. 2010-2011
Listing on Stock Exchange	Bombay Stock Exchange Ltd.
Stock Code	519039
ISIN of the Company	INE187E01027

**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	11.42	6.21
May, 2010	10.75	7.70
June, 2010	9.28	7.30
July, 2010	9.20	7.80
August, 2010	9.00	6.55
September, 2010	8.06	6.80
October, 2010	8.99	6.40
November, 2010	8.89	7.13
December, 2010	10.47	7.14
January, 2011	10.50	9.00
February, 2011	10.34	9.03
March, 2011	10.58	7.46

Registrar and Share Transfer Agents of the Company:

Name & Address:

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
Time : 10.00 a.m. to 6.00 p.m.

Share Transfer System

The shares lodged in physical form with the Company/Registrars & Share Transfer Agents are reprocessed, registered and returned within 30 days, except in case where litigation is involved. 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 Shri Sushil Choudhary, Secretarial Officer 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 31st March, 2011**

No. of equity share held	Shareholders		Equity Shares Held	
	Numbers	% to total	Numbers	% to total
Upto 1000	13179	96.10	2476060	1.54
1001-2000	281	2.05	403635	0.25
2001-3000	78	0.57	195226	0.12
3001-4000	27	0.20	94772	0.06
4001-5000	22	0.16	101453	0.07
5001-10000	60	0.44	403927	0.25
10001-20000	20	0.14	277745	0.17
20001- 30000	9	0.07	215927	0.14
30001-40000	8	0.06	273400	0.17
40001-50000	2	0.01	97700	0.06
50001-100000	8	0.06	577937	0.36
100001 & Above	20	0.14	155459814	96.81
TOTAL	13714	100	16,05,77,596	100

Shareholding Pattern of the Company as on 31st March, 2011

Category of Holders	No. of Shares	% of Total Shares
Promoters	15,36,74,934	95.70
Financial Insti./Mutual fund/Banks / FIIs/Govt./Venture Capital Fund etc.	11,32,486	0.71
Other Corporate bodies	8,83,745	0.55
Indian Public	46,37,663	2.89
Non- Residents/ /OCBs	2,48,468	0.15
Any other (clearing member)	300	0.00
Total	160577596	100

Dematerialisation of Shares and Liquidity

The shares of the Company are in compulsory demat segment. The Company's shares are available for demat with both the present depositories ,i.e the Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). Shareholders can open account with any of the depository participant registered with any of these depositories . As on 31st March, 2011, 154749149 equity shares of the Company representing 96.37% have been dematerialised.

Outstanding Securities

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

Plant Location:

28, 29 & 30, Industrial Area,
A.B Road, Dewas-455001 (M.P.)

Address for correspondence:

28, Industrial Area, A.B Road, Dewas-455001 (M.P.)

Phone Nos.: 07272-258545 / 258546

Fax No. 07272-258552

website :www.vippysoya.com

Email: admin@vippysoya.com

**CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Vippy Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Vippy Industries 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, 30th May 2011

**Certificate by CEO and CFO of the Company**

**To,
The Board of Directors
Vippy Industries Ltd.**

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Vippy Industries Ltd. ("the Company"), to the best of our knowledge and belief certify that :

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2011 and to best of our knowledge and belief, we state that:
 - a. these statement do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b. these statement together present a true & fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take rectify these deficiencies.
4. We have indicated, based on our most recent evolution, wherever applicable, the auditors and the audit committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Dewas, 30th May, 2011

**Rahul Mutha
Managing Director**

**V.K.Mittal
General Manager Finance /CFO**

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 31st March, 2011.

Dewas, 30th May, 2011

**Rahul Mutha
Managing Director**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ECONOMY-OVERVIEW**

The World economy is continues recovering from the economic meltdown. The Strong and vibrant economic performance put up by the Asian economies is aiding the positive trend. The Global recovery too is more pronounced than earlier expectations, strengthened by the emerging and developing economies especially China, Russia and Brazil driven mainly by their internal demand. 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. 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

Company is engaged in the business of edible oil, lecithin, soya meal and soya flour based varieties of products. The domestic oil consumption is continuously increasing in India. India is the largest importer of edible oils in the world and imports close to 50% of its domestic consumption. Being the nutritive quality the Soya's products are popular over the world and demand is continuously increasing and gives an opportunity for the growth of Soya Industry. Mostly all manufactured food products contain derivatives or ingredients made from Soya.

The Asian Countries are major consumers of Soya products and imports from India, Brazil, USA and Argentina. During the year ended 31st March 2011 the prices of soybean and its products were continue volatile of on account of various factors like international market, demand- supply gap and weather factors etc.

OPPORTUNITY AND THREATS**Opportunities**

With rising incomes and populations, food remains an important item of expenditure to warrant large share of incremental spending. The demand of Soya oil and other processes foods is rapidly increasing and expected to rise in coming year due to population growth in India as well abroad. The Asian Countries are major consumers of Soya products and imports from India, Brazil, USA and Argentina. India is better placed in the Asian region from the point of logistics and customer servicing. The Indian Soya meal being processed from Non Genetically Modified soya seed, gives a value advantage as compared GMO products in the international markets. The improved prosperity and health oriented lifestyle of the people gives an opportunity for the growth of Soya industry.

Threats

Inadequate water supply, insufficient power supply and reduced supplies of raw material are major threats to company.

The price of soyabean seed, meal and oil are impacted by international prices, demand- supply gap, future markets and weather factors etc. Therefore it is very difficult to maintain the price competitive. Instability in exchange rate specially the strengthening of the Rupee in the international market is also may have an adverse impact on the business of the Company.

Increasing of prices of crude oil may have an adverse impact on the business of the company.

SEGMENT WISE PERFORMANCE

The Company is operating in one segment only, hence segment wise reporting is not applicable.

FUTURE OUTLOOK

Demand for protein rich meal in Asia is growing in the recent past and India is better placed in the Asian region from the point of logistics and customer servicing. India enjoys an added advantage of producing entirely Non GMO crops with higher protein and nutritional values which strengthens its hold in the world markets.

In view of this, Company is continuously striving and shuffling its products mix to establish itself as a producer of non-GMO Soya value added products not only in the India but in the global arena, the company strategically transforming itself to be a recognized name in soya products and show its presence in Indian market as well as overseas market. With rising population and incomes Soya products and Soya oil will remain an important constitute of dietary plan across the different states/region in the country. In future the consumption of Soya oil will continue to grow significantly in the packed segment.

**RISK AND CONCERN**

The Monsoon, weather conditions, volatility in foreign currency, domestic and international crops of soyabean, demand supply gap and government policy may have an affects the business of the company. The fuel prices continue to be major are of concern as fuel is widely used in manufacturing and has a direct impact on total costs. The increasing of inflation is also a major area of concern which affects the business of the Company. The government policy for agro processing and food processing industrial units is progressive & encouraging. The major opportunities for the company in the market are ability to develop more value added products with enhanced productivity at the best cost effectiveness price.

Your Company continues to place a strong emphasis on risk management and adopted various measures to minimize the risk. Your Company has a risk management policy to identify the nature and extent of risk associated with the Company and to take steps for mitigating the impact of such risks & are reviewed periodically and placed before the Board.

ADEQUACY OF INTERNAL CONTROLS SYSTEMS

The Company has an in-house internal audit system with the objective of safeguarding the company's assets, protection against loss from unauthorized use or disposition, ensuring that all transactions are properly authorized, recorded & reported correctly, and providing significant assurance at reasonable cost, of integrity, objectivity and reliability of financial information. The management of the Company duly considers and takes appropriate action on recommendations made by the internal auditors, audit committee of the board periodically, if any.

FINANCIAL ANALYSIS

(₹ In Crores)

Particulars	2010-11	2009-10	Growth (%)
Sales & other Income	766.93	735.61	4.26
Total Expenditure	745.27	721.54	3.29
Profit before Interest and Depreciation	21.66	14.07	53.94
Less: Interest	1.80	0.29	520.69
Less: Depreciation	3.90	3.74	4.28
Profit before Tax	15.96	10.04	58.96
Less: Provision for Tax	3.30	0.62	432.26
Profit after Tax	12.66	9.42	34.40

During the year the Sales & other Income of the Company increased to ₹ 766.93 crores from ₹ 735.61 crores last year. The Profit after Tax is increased to ₹ 12.66 crores as compared to ₹ 9.42 crores last year, registering a remarkable growth of 34.40% during this period.

DEVELOPMENT IN HUMAN RESOURCE AND INDUSTRIAL RELATIONS

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 o place on record their appreciation for contributions made by employees to the Company during the year. The Company believes that the Employees are important assets of any company and success depends largely upon the quality of its employees.

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

CAUTIONARY STATEMENT

Statements in the "Management Discussion and Analysis" describing the company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities 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, among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which your Company operates, changes in the govt. regulations, tax laws and other statutes and incidental factors.

**AUDITOR'S REPORTS**

To,
The Members of Vippy Industries Ltd.

1. We have audited the attached Balance Sheet of VIPPY INDUSTRIES LTD., DEWAS as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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 have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require 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) (Amendment) Order, 2004, issued by the Central Government of India, in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 purposes of our audit;
 - II. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books of the Company;
 - III. The Balance Sheet, the Profit and 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, the Profit and Loss Account and the Cash Flow Statements 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 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.
 - VI. In our opinion and to the best of our information and according to explanation given to us, the said financial statements together with the notes thereon and attached there to, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
 - (iii) In the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

For: SODANI & COMPANY
Chartered Accountants

Date : 30th May, 2011
Place : Dewas

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

**ANNEXURE TO THE AUDITOR'S REPORT****(REFERRED TO PARA - 3 OF OUR REPORT OF EVEN DATE)**

- (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 during the year in accordance with a phased program of verification, which in our opinion is reasonable, considering size and the nature of the Company. The frequency of verification is reasonable and no material discrepancies have been noticed on such verification.
- c) The Company has not disposed off a substantial part of fixed assets during the year.
- (ii) a) The inventories have been physically verified by the management during the year at reasonable intervals.
- b) The procedure of physical verification of the inventories followed by the management is 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 inventory and the discrepancies noticed between the physical stocks and book records, wherever physical verification have been conducted, adjusted to material consumption account at the year end.
- (iii) "As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firm 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 for the purchase of inventories and 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) In respect of the contracts or arrangement referred to in Section 301 of the Companies Act, 1956:
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in 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 explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respective of two parties amounting to Rs36,84,04,536/ during the year have been made at prices 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 compliance with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (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, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2011 for a period of more than six month from the date they became payable.
- b) According to the records of the Company, outstanding dues of sales tax, income tax, custom duty, excise duty and cess on the account of any dispute are as follows

Forum where disputes is pending	Name of the Statue	Nature of the dues	Amount Outstanding as on 31.03.11	Period to which the amount relates
Appellate Board Bhopal	MPCT Act	Commercial Tax	20,74,135/-	2002-03
	CST Act	Central Sales Tax	25,35,257/-	2002-03
	Entry Tax Act	Entry tax	5,209/-	2002-03
Appellate Board Bhopal	Entry Tax Act	Entry tax	2,01,823/-	2006-07
Additional Commissioner Indore	MPCT Act	Commercial Tax	5,50,870/-	2003-04
	CST Act	Central Sales Tax	20,98,810/-	2003-04
Assessing Officer Dewas	MPCT Act	Commercial Tax	1,66,917/-	2005-06
	CST Act	Central Sales Tax	2,30,91,320/-	2005-06 / 2008-09 / 2009-10
	Entry Tax Act	Entry tax	3,38,58,779/-	2005-06 / 2007-08 / 2008-09 / 2009-10
	VAT Act	Vat Tax	3,68,56,982/-	2008-09 / 2009-10
Writ Petition pending before the Hon'ble High Court Jabalpur/Indore	MPCT Act	Purchase Tax	3,02,06,909/-	2004-05 / 2005-06
	Entry Tax Act	Entry tax	2,15,40,814/-	2007-08

- (x) The Company has no accumulated losses at the end of the Financial Year ended 31st March 2011 and it has not incurred Cash losses in the current Financial Year and immediately preceding Financial Year.
- (xi) Based on our audit procedures and the explanations given to us, we are of opinion that the Company has not defaulted in repayment of its dues to a Financial Institutions.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.



- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing in shares, securities and other investments and timely entries have been made therein. All shares and other securities have been held by the Company in its own name, except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company has not obtained any term loan during the year from Bank and Financial Institutions. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanation given to us and on examination of the books of accounts of the Company, we report that no funds raised on short term basis have been used for long term investment by the Company and vice versa.
- (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 provision of clause 4(xviii) of the order not applicable to the company.
- (xix) The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money through public issue during the year. Accordingly the provisions of the clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit, which causes the financial statements to be materially misstated.

For: SODANI & COMPANY
Chartered Accountants

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

Date : 30th May, 2011
Place : Dewas

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

	Schedule	AS AT 31.03.11 (₹)	AS AT 31.03.10 (₹)
1. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
(a) Share capital	1	16,05,77,596	16,05,77,596
(b) Reserves & Surplus	2	72,60,39,446	63,99,53,615
		88,66,17,042	80,05,31,211
LOAN FUNDS :			
(a) Secured Loans	3	23,24,53,126	9,09,17,494
(b) Un Secured Loans		1,97,00,000	45,00,000
		25,21,53,126	9,54,17,494
TOTAL		1,13,87,70,168	89,59,48,705
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	1,58,67,21,489	1,54,58,57,429
Less :Depreciation		96,95,52,535	89,00,39,370
Net Block		61,71,68,954	65,58,18,059
Investments	5	22,60,000	22,60,000
Current Assets, Loans & Advances :			
(a) Inventories	6	47,90,98,787	17,64,75,374
(b) Sundry Debtors	7	15,15,30,294	19,45,32,869
(c) Cash & Bank Balances	8	29,89,17,564	12,25,24,685
(d) Loans & Advances	9	3,62,71,571	12,13,34,393
		96,58,18,216	61,48,67,321
Less : Current Liabilities & Provisions			
Current Liabilities & Provisions	10	44,64,77,002	37,69,96,675
NET CURRUNT ASSETS		51,93,41,214	23,78,70,646
TOTAL		1,13,87,70,168	89,59,48,705
Accounting Policies	16		
Notes on Account	17		

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

As per our report of even date annexed

For and on behalf of
Sodani & Company
Chartered Accountant

V. K. Mittal
General Manager Finance/CFO

Rahul Mutha
Managing Director

Sajeve Deora
Director

Rajesh Sodani
Partner
M.NO.F-77005
FRN 000880C

Prakash Chakrawarti
Company Secretary

Praneet Mutha
Director

Place : Dewas
Dated : 30th May 2011

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.04.10 TO 31.03.2011**

	Schedule	Year Ended 31-03-11 (₹)	Year Ended 31-03-10 (₹)
INCOME :			
Sales & Other Income	11	7,66,92,69,581	7,35,61,26,247
		<u>7,66,92,69,581</u>	<u>7,35,61,26,247</u>
EXPENDITURE :			
Manufacturing Expenses	12	6,95,33,77,999	6,28,86,99,805
Purchase of Trading Materials	-	10,49,07,148	47,33,46,631
Employees Remuneration & Benefit	13	5,43,09,981	4,39,59,389
Administrative & Other exps.	14	2,29,74,624	2,06,09,066
Selling & Distribution exps.		39,91,19,175	31,87,91,542
Interest		1,79,95,872	28,91,786
Adjustment due to (increase)/			
Decrease in stocks	15	(8,19,99,024)	6,99,96,999
Depreciation		3,89,97,964	3,74,64,223
		<u>7,50,96,83,739</u>	<u>7,25,57,59,442</u>
Profit (Loss) before Tax		15,95,85,842	10,03,66,806
Less; Provision for taxes		3,29,73,000	61,95,000
AMOUNT AVAILABLE FOR APPROPRIATION		<u>12,66,12,842</u>	<u>9,41,71,806</u>
APPROPRIATION			
Balance Carried to Balance sheet		12,66,12,842	9,41,71,806

Accounting Policies

16

Notes on Account

17

The schedules referred to herein form an integral part of the Balance Sheet

As per our report of even date annexed

For and on behalf of
Sodani & Company
Chartered Accountant

V. K. Mittal
General Manager Finance/CFO

Rahul Mutha
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Partner
M.NO.F-77005
FRN 000880C

Prakash Chakrawarti
Company Secretary

Praneet Mutha
Director

Place : Dewas

Dated : 30th May 2011

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

	AS AT 31.03.11 (₹)	AS AT 31.03.10 (₹)
<u>SCHEDULE-1</u>		
SHARE CAPITAL		
Authorised:		
Equity		
25,00,00,000 Equity Shares of ₹ 1/- each	25,00,00,000	25,00,00,000
(Previous year 25,00,00,000 Equity Shares of ₹ 1/- Each)	25,00,00,000	25,00,00,000
Issued, Subscribed & Paid up:		
16,05,77,596 Equity Shares of ₹ 1/- each	16,05,77,596	16,05,77,596
(Previous year 16,05,77,596 Equity Shares of ₹ 1/- Each)		
(Out of above 2,50,000 Equity Shares allotted as Bonus by Capitalisation of General Reserve in 1986 and 11,24,067 Equity Shares allotted as Bonus by Capitalisation of General Reserve in 1994-95)	16,05,77,596	16,05,77,596
<u>SCHEDULE-2</u>		
RESERVES AND SURPLUS:		
GENERAL RESERVE	2,72,78,627	2,72,78,627
CAPITAL RESERVE	6,97,43,701	6,97,43,701
PROFIT & LOSS ACCOUNT		
as per last balance sheet	16,79,99,742	
add: during the period	12,66,12,842	16,79,99,742
FIXED ASSETS REVALUATION RESERVE	37,49,31,544	
Less: Dep. for the year on revaluation	4,05,27,011	37,49,31,544
	33,44,04,533	63,99,53,615
<u>SEHEDULE-3</u>		
SECURED LOANS		
Axis Bank Over Draft A/c	5,01,41,931	5,00,16,925
HDFC Bank Over Draft A/c	4,73,41,842	1,87,48,350
Bank of Baroda Over Draft A/c	6,66,01,617	0
ICICI Bank Over Draft A/c	4,68,34,298	0
HDFC Bank Car Loan A/c	7,74,181	13,92,961
MPSIDC	2,07,59,258	2,07,59,258
	23,24,53,126	9,09,17,494



**SCHEDULE-4
FIXED ASSETS**

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01.04.2010	Addition during the year	Deductions during the year	As on 31.03.11	Up to 31.03.2010	Deductions during the year	For the year	Up to 31.03.11	As at 31.03.11	As at 31.03.10
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land & Lease Hold Land	5,60,165	1,73,90,530		1,79,50,695				0	1,79,50,695	5,60,165
Building & site development	14,79,91,628	38,26,806	75,000	15,17,43,434	5,68,03,801	11,811	49,68,435	6,17,60,425	8,99,83,009	9,11,87,827
Plant & Machinery	1,38,68,87,970	1,20,65,824		1,39,89,53,794	83,08,96,204		7,39,36,993	90,48,33,197	49,41,20,597	55,59,91,766
Furniture & Fixtures	24,32,871	8,79,282	0	33,12,153	15,24,337	0	1,68,303	16,92,640	16,19,513	9,08,534
Vehicles	47,49,942			47,49,942	8,15,029		4,51,244	12,66,273	34,83,669	39,34,913
TOTAL	1,54,26,22,576	3,41,62,442	75,000	1,57,67,10,018	89,00,39,371	11,811	7,95,24,975	96,95,52,535	60,71,57,483	65,25,83,205
Capital work in progress	32,34,853	1,00,11,471	32,34,853	1,00,11,471					1,00,11,471	32,34,853
GRAND TOTAL	1,54,58,57,429	4,41,73,913	33,09,853	1,58,67,21,489	89,00,39,371	11,811	7,95,24,975	96,95,52,535	61,71,68,954	65,58,18,058
Previous Year	1,50,93,10,131	3,72,19,094	6,71,796	1,54,58,57,429	81,23,78,099	3,29,963	7,79,91,234	89,00,39,370	65,58,18,059	69,69,32,032

NOTE:-Depreciation provided for the period includes depreciation on revaluation amounting to ₹ 4,05,27,011 (₹ 4,05,27,011)

**SCHEDULE 5****A. INVESTMENT UNQUOTED**

	AS AT 31.03.11 (₹)	AS AT 31.03.10 (₹)
1. Saraswat Co.Op. Bank Ltd 1000 fully paid up equity share of ₹ 10/- each	10,000	10,000
2. Vipro Exim Ltd. 450630 fully paid up equity share of ₹ 10/- each out of which 225315 equity share of ₹ 10/- each received as Bonus Shares	22,50,000 <u>22,60,000</u>	22,50,000 <u>22,60,000</u>

SCHEDULE 6**INVENTORIES**

(a) Stores & Spare Parts	1,23,15,459	98,39,963
(b) Coal & Fuel	84,55,979	30,84,329
(c) Raw Materials	30,30,35,003	9,02,57,760
(d) Finished Goods	15,52,92,346 <u>47,90,98,787</u>	7,32,93,322 <u>17,64,75,374</u>

SCHEDULE 7**SUNDRY DEBTORS**

(Unsecured considered good)		
Exceeding Six months	1,49,71,008	73,14,868
Others	14,37,26,866 <u>15,86,97,874</u>	19,43,85,580 <u>20,17,00,448</u>
Less: Provision for Bad & doubtful debts	71,67,580 <u>15,15,30,294</u>	71,67,580 <u>19,45,32,869</u>

SCHEDULE 8**CASH & BANK BALANCES**

1) Cash in hand	3,34,113	7,44,596
2) With Schedule Banks		
a) On Current Account	1,49,57,538	24,10,983
b) On Fixed Deposit Account	28,36,25,913 <u>29,89,17,564</u>	11,93,69,107 <u>12,25,24,685</u>

SCHEDULE 9**LOANS AND ADVANCES**

(Unsecured considered good)
Recoverable in Cash or Kind for value to be received

1) ADVANCES		
a) Others	2,95,43,953	11,31,81,479
b) To Staff	3,28,584	3,35,983
c) Advances	2,10,114	14,249
2) DEPOSITS	51,63,204	66,99,779
3) PREPAID EXPENSES	4,07,650	4,84,837
4) CENVET RECEIVABLE	6,18,066 <u>3,62,71,571</u>	6,18,066 <u>12,13,34,393</u>

**SCHEDULE 10****CURRENT LIABILITIES & PROVISIONS**

	YEAR ENDED 31-03-11 ₹	YEAR ENDED 31-03-10 ₹
1) Sundry Creditors		
i) For Supply of Raw Materials & Stores	19,44,75,509	10,36,22,831
ii) For Others	75,06,430	52,72,420
2) Outstanding Liabilities	19,56,02,063	25,21,81,424
3) Provision for Taxes	4,88,93,000	1,59,20,000
	<u>44,64,77,002</u>	<u>37,69,96,675</u>

SCHEDULE 11

1) SALES	7,54,43,56,246	6,84,64,39,631
Less: Excise duty	44,12,060	37,22,952
	<u>7,53,99,44,186</u>	<u>6,84,27,16,679</u>
2) SALES OF TRADING MATERIAL	10,59,56,219	50,38,69,513
3) OTHER INCOME		
a) Miscellaneous Receipts	2,33,69,176	95,40,055
	<u>7,66,92,69,581</u>	<u>7,35,61,26,247</u>

SCHEDULE 12**MANUFACTURING EXPENSES****Raw Material Consumed:**

Opening Stock	9,02,57,760	10,89,99,814
Add : Purchases	6,92,11,76,416	6,07,41,07,763
	<u>7,01,14,34,176</u>	<u>6,18,31,07,577</u>
Less : Closing Stock	30,30,35,003	9,02,57,760
Raw Material Consumed	<u>6,70,83,99,173</u>	<u>6,09,28,49,817</u>
Stores & Spares Consumed	2,42,92,775	2,39,44,511
Power & Fuel charges	21,11,44,455	16,30,86,045
Repairs & maintenance to P&M	75,00,953	66,01,206
Laboratory Expenses	7,25,763	3,23,840
Excise duty on closing stock	13,14,880	18,94,386
	<u>6,95,33,77,999</u>	<u>6,28,86,99,805</u>

SCHEDULE 13**EMPLOYEES REMUNERATION**

(1) Salaries, Wages & Bonus	4,71,13,999	3,82,55,435
(2) Company's Contribution to Provident Fund & Others	44,12,485	33,68,987
(3) Welfare Expenses	13,99,363	11,57,165
(4) Employees Group Gratuity Fund	13,84,135	11,77,802
	<u>5,43,09,981</u>	<u>4,39,59,389</u>

**SCHEDULE 14****ADMINISTRATIVE & OTHER EXPENSES**

Lease Rent	745	745
Rates & Taxes	4,10,202	3,47,769
Insurance	37,93,523	40,10,298
Repairs & Maintenance	46,86,820	40,06,902
Bank Commission	24,41,405	32,86,711
Audit Expenses	3,10,005	3,18,251
Advertisement & Publicity	1,98,125	2,71,670
Director's Sitting Fees	35,000	30,000
Office Expenses	26,06,219	30,73,529
Miscellaneous Expenses	84,92,580	52,63,191
	<u>2,29,74,624</u>	<u>2,06,09,066</u>

SCHEDULE 15**ADJUSTMENT DUE TO (INCREASE) /****DECREASE IN STOCKS**

Opening Stock of Finished Goods & Stock in Process	7,32,93,322	14,32,90,321
Less: Closing Stock of Finished Goods & Stock in Process	15,52,92,346	7,32,93,322
	<u>(8,19,99,024)</u>	<u>6,99,96,999</u>

**SCHEDULE: 16****SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, on accrual basis, on a 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 capitalized at cost including direct expenses related to installation and putting to use of the fixed assets upto March, 2011

Fixed assets are revalued at a suitable interval and resulting surplus / deficit is carried over as Revaluation Reserve as part of Reserves and Surplus.

Depreciation on Fixed assets is calculated on revalued figures and the charge pertaining to revalued component is adjusted against the Revaluation Reserve.

3. REVENUE RECOGNITION

Sales of goods and services are recognized when risks and rewards of ownership are passed on to the customers which generally coincides with delivery and when the services are rendered. Sales inclusive of Excise Duty, & Export incentives/Licenses.

4. FOREIGN CURRENCY TRANSACTIONS

Transaction in foreign currency are accounted at the exchange spot rate prevailing on the date of the transaction, gain/loses arising out of fluctuation in the exchange rate are accounted for in the profit & loss account. In case of transactions covered by forward exchange contracts which are accounted at the forward contract rate.

5. INVESTMENTS

Investments are classified into current and long term investments.

Current investments are stated at the lower of cost or fair market value.

Long term investments are stated at cost.

6. INVENTORIES

Raw materials and stores and spares are valued at the lower of cost and net realisable value; Cost being computed on weighted average basis.

Finished goods (ascertained on FIFO basis) and work in process valued at the lower of estimated cost and net realizable value (cost being a composition of direct material cost, direct labour cost and overheads necessary to bring the inventories to their present location and condition).

7. BORROWING COSTS

Costs related to use of borrowed funds utilized for creating fixed assets are capitalized at the time of putting the relative fixed asset to use.

Costs related to use of borrowed funds utilized for creating fixed assets for the period after the said assets are put to use and creating working capital assets are charged to Profit and Loss Account.

Interest accruing and payable along with installments of deferred interest term loan, calculated on pro rata time basis and is charged to Profit and Loss account.

**8. DEPRECIATION**

Depreciation on fixed assets charged to Profit and Loss Account is calculated on:

- Straight line method basis at the rates specified in Schedule XIV of the Companies Act 1956, in respect of the respective asset.
- Straight Line method basis at revalued amount of fixed assets from the year following the year of revaluation.

9. EMPLOYEE BENEFITS

Contributions to defined contribution schemes such as Provident Fund and Employees State Insurance are charged to Profit and Loss Account as incurred.

Liability in respect of the Employee's Group Gratuity Cash Accumulation Cum Life Assurance Scheme is funded by way of contribution to Life Insurance Corporation of India and is determined on the basis of actuarial valuation.

10. CONTINGENT LIABILITY

No provision is made for contingent liability.

11. 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 the 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.

12. IMPAIRMENT OF ASSETS

An impairment loss is recognized in the profit & loss account whenever the carrying amount of an assets or a cash generating unit exceeds its recoverable amount. The recoverable amount is estimated as the higher of its net selling price and its value in use. The carrying amounts are reviewed at each balance sheet date to determine whether there is any impairment.

13. EARNINGS PER SHARE

In accordance with the Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the year..

SCHEDULE 17**NOTES TO ACCOUNTS**

1 The Company is contingently liable as at 31.03.2011 for:

	Current Year (₹)	Previous Year (₹)
(a) Guarantees given by the Company's banker on behalf of the Company	64.83 Lacs	72.50 Lacs
(Against the above, Banks are holding fixed deposit as margin; the deposit forms part of 'Fixed Deposit Account' as part of 'Cash & Bank Balances')	70.18 Lacs	75.16 Lacs

**3. Secured loans****Commercial/Central Sales Tax**

Principal amount of ₹ 207.59 Lacs of deferred sales tax is loan liability payable by the company through MPSIDC. It is secured by charge ranking subsequent to the charge created or to be created in favour of Financial Institutions, Rehabilitation scheme sanctioned by Hon'ble BIFR vide its order dated 04.10.2007, provide settlement payment of 40% of the principal amount in line with settlement with other secured lender of the company, and the relief stand accorded by deemed consent by the Agencies. The aforesaid settlement as contained in the Rehabilitation scheme sanctioned by Hon'ble BIFR has not been accepted by the commissioner of commercial Tax .M.P .Indore, and an appeal is pending before the Hon'ble AAIFR.

4. Going Concern.

The accumulated losses of the Company as at the close of accounting year ended December 31, 2000 exceeded the net worth of the Company, and the Company filed an application before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) as prescribed by the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company was declared by the Hon'ble BIFR as a sick industrial company within the meaning of SICA, and the Hon'ble BIFR Sanctioned the rehabilitation scheme of the Company vide order dated 04/10/2007 and the same is under implementation.

- 5** The Company was granted exemption from payment of Central Sales Tax, Madhya Pradesh Commercial Tax and Entry Tax up to 31.01.2000 and under Madhya Pradesh Sales Tax up to 31.01.2001 in respect of purchase /sales of raw material/finished goods by Hipro EOU Division. In accordance with the policy of State Government, the Company has sought extension in the period of exemption equal to the number of days of closure of this plant during the initially granted period of exemption. Further Hon'ble BIFR has also granted the said exemption under the sanctioned scheme dated 04.10.2007. The Company has filed writ petition bearing No 7036/2008 before the Hon'ble High Court of Madhya Pradesh against the exparte order dt. 20.08.2008 passed by Assistant Commissioner of Commercial Tax, Dewas raising the demand of Entry Tax contrary to exemption granted under sanctioned rehabilitation scheme approved by Hon'ble BIFR dt. 4.10.2007. and the demand was stayed by the Hon'ble High court.

- 6** The Company has filed the Writ Petition before Hon'ble High Court M.P., against the order dt. 16.01.2008 passed by State Appellate Forum, whereby an appeal filed by the company against an order dt. 16.04.2001, passed by the state Level Committee after re consider the matter in respect of capacity with reference to deferment of sales tax regarding ex-parte amendment order passed by the Sales Tax Authority reassessing the production capacity of company's plant as on 31.03.1993 after direction given by Hon'ble High Court of Madhya Pradesh to Sate Level Committee to reconsider the entire matter and decide the same afresh after giving the company an opportunity of being heard. After considering such writ petition the Hon'ble High Court of Madhya Pradesh has quashed the order dt. 16.01.2008 passed by State Appellate Forum, and directed to State Appellate Forum for the revival of the appeal earlier filed by the Company and hear the same as fresh in accordance with law after giving the company an opportunity of personal hearing. The matter has been heard on 25.03.10 by the State Appellate Forum and the said appeal has been rejected by state Appellate Forum vide its order dated 09.06.2010, company intends to file writ petition in High court in the matter.

**7 Deferred Income tax:**

Deferred tax assets are ₹ 1257.80 Lacs (₹ 1875.25 Lacs) arising mainly of carried forward, unabsorbed depreciation, provision for doubtful debts/advances and Entry tax & purchase tax not allowable as expenditure under the Income tax Act 1961.

Deferred tax liability is ₹ 426.70 lacs (₹ 502.58 lacs) arising on account of higher depreciation admissible as per Income tax Act Rules, 1962.

Deferred tax assets being higher than deferred tax liabilities, net deferred tax assets are ₹ 831.10 Lacs (₹ 1372.67 lacs).

The Company recognizes deferred tax assets to the extent of deferred tax liability, and following a conservative and prudent approach and in view of large accumulated and unabsorbed depreciation, excess of deferred tax assets has not been given effect in the Balance Sheet.

- 8** The Company's building and site development, plant and machinery, and other fixed assets were revalued on 28.12.1999 on the basis of report of Registered Valuer. Accordingly, these assets were restated with the incremented amount over their written down value amounting to ₹ 7,901.94 Lacs as on 31.12.1999, and the same was correspondingly, transferred to Revaluation Reserve Account. During the year, depreciation of ₹ 405.27 lacs (₹ 405.27 lacs) pertaining to revalued portion of fixed assets has been charged to reserve arising on Revaluation of Assets.

- 9** Liability of MAT Provided as per Provision of section 115JB of the Income Tax Act.

- 10** Payments against SSI and Ancillary undertakings are made in accordance with agreed credit terms and to the extent ascertained from available information, there was NIL (NIL) amount overdue as on 31.03.2011. A small scale industrial undertaking has same meaning as assigned to it under clause (J) of section 3 of the Industrial (Development and Regulations) Act, 1951.

This disclosure is on the basis of the information available with the company regarding the Status of the supplies as defined under the interest on delayed payments to Micro Small and Medium Enterprises Development Act 2006.

- 11** Miscellaneous and other expenses include ₹ 5.49 lacs (₹ 8.66 lacs) on account of travelling expenses of Directors, out of which expenses on Directors foreign travelling is ₹ 2.73 (₹ 5.93 lacs)
- 12** In the opinion of the Board, the current assets, loan and advances have a value on realization in the ordinary course of business at least equal to the amount at which these are stated and provisions for all known liabilities are adequate and not in excess of the amount considered reasonable and necessary.
- 13** The Company's operation relates to manufacture of soya products, which are in the nature of joint products and by-products. Hence, the company has only one reportable Segment as per Accounting Standard-17.

14 Related party disclosures:**a) Transactions**

1	Vipro Exim Ltd	Sales during the year	35,09,85,322/-
2	Vippy Spinpro Ltd	Sales during the year	1,74,19,214/-

b) Managerial Remuneration

Name	Description of relationship	Nature of transaction (₹)
Shri Rahul Mutha	Managing Director	Remuneration : ₹ 17,25,000 Provident Fund : ₹ 2,07,000 Perquisites : ₹ 1,12,368
Shri Praneet Mutha	Executive Director	Remuneration : ₹ 12,00,000 Provident fund : ₹ 1,44,000

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



15	Earning Per Share (EPS)	Current Year	Previous Year
	a) Net profit for the year (₹)	12,66,12,842	9,41,71,806
	b) Weighted average Number of Equity Shares	16,05,77,596	14,80,77,596
	c) Nominal value of per ordinary share (₹)	1/-	1/-
	d) Basic earning per share (₹)	0.79	0.64
	e) Diluted earning per share (₹)	0.79	0.64

16 Figures and words in brackets pertain to previous year unless otherwise specified.

17 Figures have been rounded off to the nearest Rupee.

18 Previous year figures have been regrouped/reclassified, wherever necessary, in order to confirm to this year's presentation.

19 Additional information required under paragraph 3 & 4 in part II of schedule VI of the Companies Act, 1956

a) Auditors remuneration

	Current Year ₹	Previous Year ₹
i) Audit fees	2,44,866	2,44,866
ii) Cost audit fees	35,000	35,000
iii) Expenses reimbursed	30,139	38,385

b) Number of employees throughout the year who were in receipt of remuneration in aggregate to ₹ 60,00,000/- per annum or more.

	Current Year ₹	Previous Year ₹
i) Number of Employee	Nil	Nil
ii) Salary & Others	Nil	Nil
iii) Contribution to P.F.	Nil	Nil

c) Number of employees employed for any part of the year whose remuneration was ₹ 5,00,000/- or more per month in aggregate.

	Current Year ₹	Previous Year ₹
i) Number of Employee	Nil	Nil
ii) Salary & Others	Nil	Nil
iii) Contribution to P.F.	Nil	Nil

d) Particulars of installed capacity (in M.T.)

	Current Year ₹	Previous Year ₹
i) Solvent Extraction Plant	4,12,500	4,12,500
ii) Oil Refinery / Degumming	50,500	50,500
iii) Soya Protein Products	250	250



e) Turnover, stock, production (in M.T.)

	Solvent Extraction		Oil Refinery	
	Current Year	Previous Year	Current Year	Previous Year
Opening Stock	4,133	9,369	786	421
Production/ Purchase	2,88,549	2,64,479	44,621	45,212
Turnover	2,80,883	2,69,715	45,271	44,847
Closing Stock	11,799	4,133	136	786

f) Profit on hedging ₹ 1.43 lacs (Previous year loss ₹ 9.44 Lacs) taken in to account in Refined oil sales.

g) Derivatives contracts entered into by the company and out standing as on 31st March.2011. For hedging commodity related risk:

For hedging commodity related risk ;

	31st March 2011	31st March 2010
Soyabean seed	2170 MT	5600 MT
Refined oil	1300 MT	0

Aforesaid derivative instrument acquired by the company are for -hedging purpose only.

h) Consumption of Raw Material (in M.T.)

	Indigenous		Imported	
	Current Year	Previous Year	Current Year	Previous Year
i) Solvent Extraction Plant	270361	233522	NIL	NIL
ii) Oil Refinery	47289	48141	NIL	NIL

i) Expenditure in Foreign Exchange

	Current Year	Previous Year
	₹	₹
i) On account of Capital Goods / Stores	35,72,416	15,79,228
ii) Travelling	2,03,099	6,82,695
iii) Commission	20,51,877	37,29,193
iv) Others	20,70,820	25,64,277

v) Earnings in Foreign Exchange

Export of Finished Products (Including earning foreign Exchange on	3,96,50,09,547	4,00,28,43,461
FOB basis ₹ 1,70,61,17,790/- (Previous year ₹ 1,93,62,32,926/-)		

vi) Managerial Remuneration to Directors

	Current Year	Previous Year
	₹	₹
i) Managing Director		
a) Remuneration	17,25,000	13,65,000
b) Contribution to Provident & Other funds	2,07,000	1,63,800
ii) Directors other than Managing Director		
a) Remuneration	12,00,000	0
b) Contribution to PF & other funds	1,44,000	0
c) Perquisites	0	0
iii) Non- Executive Directors		
Sitting Fees	35,000	30,000



20 Balance Sheet Abstract and Company's General Business Profile pursuant to provision of part IV of Schedule VI to the Companies Act, 1956 as amended vide Notification No.G.S.R. 388(E) dated 15.05.1995.

I. Registration Details

Registration No. 10-1225 State Code: 10
Balance Sheet Date: 31.03.2011

II. Capital raised during the year (Amount in ₹ Thousand)

Public Issue Nil
Right Issue Nil
Bonus Issue Nil
Private Placement Nil

III. Position of mobilization and deployment of fund (Amount in ₹ Thousand)

Total Liabilities 11,38,770
Total Assets 11,38,770

Source of Funds

Paid up capital 1,60,578
Reserve & Surplus 7,26,039
Secured Loan 2,32,453
Unsecured Loan 19,700

Application of funds

Net Fixed Assets 6,17,169
Investment 2,260
Net Current Assets 5,19,341
Misc. Expenses 0

IV. Performance of the Company

Turnover 76,69,270
Total Expenditure 75,42,657
Profit/ (Loss) after Tax 1,26,613
Earning per Share 0.79
Dividend NIL

V. Generic Names of Three Principal Products/ Services of the Company

Item Code (ITC Code)	Product Description
1. 150710	Soya Oil
2. 230400	Soya Meal

Signature of Schedule 1 to 17 forming part of the Balance Sheet and Profit and Loss Account.

For and on behalf of

Sodani & Company

Chartered Accountant

Rajesh Sodani

Partner

M.NO.F-77005

FRN 000880C

V. K. Mittal

General Manager Finance/CFO

Prakash Chakrawarti

Company Secretary

For and on Behalf of the Board

Rahul Mutha

Managing Director

Praneet Mutha

Director

Sajeve Deora

Director

Place : Dewas

Dated : 30th May 2011

**CASH FLOW STATEMENT**

DESCRIPTION	FOR THE YEAR ENDED March 2011 (₹)	FOR THE YEAR ENDED March 2010 (₹)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(loss) before tax & extraordinary items	15,95,85,842	10,03,66,806
Adjustment for :-		
Depreciation	3,89,97,964	3,74,64,223
Dividend (received)/ Paid	(3,08,847)	0
Loss/(Profit) on sale of fixed assets	(10,37,811)	(28,882)
Operating profit before working capital changes	19,72,37,148	13,78,02,147
LESS :-		
Increase/(Decrease) in Inventory	30,26,23,413	(9,16,57,510)
Increase/(Decrease) in Debtors, Loans - & Advances	(12,80,65,396)	11,92,83,422
Decrease/(Increase) in Current Liabilities	(3,65,07,328)	7,19,21,900
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	5,91,86,459	3,82,54,335
(B) CASH FLOW ARISING FROM INVESTING ACTIVITY		
Acquisition of fixed assets	(4,09,39,059)	(3,70,15,378)
Proceeds from sale of fixed assets	11,01,000	1,67,000
Dividend received	3,08,847	0
NET CASH INFLOW FROM INVESTING ACTIVITY	(3,95,29,212)	(3,68,48,378)
(C) CASH FLOW ARISING FROM FINANCING ACTIVITY		
Increase/(Decrease) in Share capital/Warrants	0	4,50,00,000
Increase/(Decrease) in long term borrowings	15,67,35,632	(95,39,058)
NET CASH INFLOW FROM FINANCING ACTIVITIES	15,67,35,632	3,54,60,942
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	17,63,92,879	3,68,66,899
ADD-OPENING CASH & CASH EQUIVALENTS	12,25,24,685	8,56,57,786
CLOSING CASH & CASH EQUIVALENTS	29,89,17,564	12,25,24,685

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of

Sodani & Company
Chartered Accountant

Rajesh Sodani
Partner
M.NO.F-77005
FRN 000880C

V. K. Mittal
General Manager Finance/CFO

Prakash Chakrawarti
Company Secretary

For and on Behalf of the Board

Rahul Mutha
Managing Director

Praneet Mutha
Director

Sajeve Deora
Director

Place : Dewas

Dated : 30th May 2011

**VIPPY INDUSTRIES LTD.**

Regd. Office : 28, Industrial Area, A.B. Road, Dewas 455001 (M.P.) India.

ATTENDANCE SLIP**37th 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 here by record my presence at the Annual General Meeting on Friday, the 30th day of September 2011 at 2.00 P.M at 28, Industrial Area, A.B. Road, Dewas-455 001 (M.P.)

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 INDUSTRIES LTD.**

Regd. Office : 28, Industrial Area, A.B. Road, Dewas 455001 (M.P.) India.

PROXY FORM**37th 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 Industries 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 2.00 P.M. 28, Industrial Area, A.B. Road, Dewas-455 001 (M.P.) and at any adjournment thereof.

Signed this day of2011

Affix
Re.1/-
Revenue
Stamp

*Applicable for investors holding shares in electronic form.

Signature

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 than 48 hours before the meeting.



BOOK - POST

To, _____

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