

VEGEPRO FOODS & FEEDS LIMITED

ANNUAL REPORT 2010-11

VEGEPRO FOODS & FEEDS LIMITED

Board of Directors

Mr. M. K. Gupta (Non-Executive Chairman)
Mr. R. S. Goenka
Mr. J. K. Srivastava
Mr. N. G. Vidyarthi (Nominee PICUP)

Registered Office & Plant

A/2 Rahiya Industrial Estate
Kalpi Road, Orai
Dist : Jalaun - 285 001, U. P.

Auditors

S. Mandal & Co.
Chartered Accountants, Kolkata (W. B.)

Registrars & Share Transfer Agent

M/s CB Management Services (P) Limited
P-22 Bondel Road, Kolkata - 700 019

Bankers

Indusind Bank
Punjab National Bank

Corporate Office

"White House" Block- A, 4th Floor
119, Park Street, Kolkata - 700 016
E-mail : vegepro1987@gmail.com

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VEGEPRO FOODS & FEEDS LIMITED

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the members of **Vegepro Foods & Feeds Limited** will be held at the registered Office of the Company at A/2 Rahiya Industrial Estate, Kalpi Road, Orai, District: Jalaun - 285 001 U. P. on Friday, 30th September, 2011 at 10.00 am. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended on 31st March, 2011 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. J. K. Srivastava who retire by rotation and being eligible, offer himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Registered Office :

A/2 Rahiya Industrial Estate,
Kalpi Road, Orai
District : Jalaun-285 001 U.P.
Dated : 3rd September, 2011

By Order of the Board

(M. K. Gupta)
Chairman

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/herself and a proxy need not be a Member of the Company.**

2. Proxies in order to be effective, must be received by the Company, duly filled, stamped and signed, at its Registered Office or at its Administrative Office not less than 48 hours before the Meeting.
3. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the 23rd Annual General Meeting.
4. Members/Proxies/Representatives should bring the enclosed Attendance slip, duly filled in, for attending the Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, September 20, 2011 to Friday, September 30, 2011, both days inclusive.
6. Members holding shares in the Physical mode are requested to intimate all changes pertaining to their Bank details, nominations, power of attorney, change of address, etc. to the Company's **Registrars and Share Transfer Agents - M/s. CB Management Services Pvt Limited, P-22 Bondel Road, Kolkata - 700 019, West Bengal**, respectively.
7. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents for consolidation into a single folio.
8. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11 a.m. and 1 p.m. up to the date of the 23rd Annual General Meeting.

VEGEPRO FOODS & FEEDS LIMITED

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT (In Pursuance of Clause 49 of the Listing Agreement)

| Particulars | Date of Birth | Date of Appointment | Qualifications | No. of Equity Shares held | Expertise in specific functional areas | Chairman/Director of other Companies (excluded foreign Companies) | Chairman/Member of Committees of the Boards of Companies of which he is Director (exclude private and foreign companies) |
|----------------------|---------------|---------------------|----------------|---------------------------|--|---|--|
| Mr. J. K. Srivastava | 07.07.1955 | 19.12.2002 | B. Com. | Nil | Finance | Nil | Nil |

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiatives in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with M/s. CB Management Services Pvt Limited.

VEGEPRO FOODS & FEEDS LIMITED

DIRECTORS' REPORT

To the Members of
Vegepro Foods & Feeds Limited

Your Directors have pleasure in presenting their 23rd Annual Report to the Members together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULT

(Rs. in thousand)

| Particulars | For the Year ended 31.03.11 | For the Year ended 31.03.10 |
|-------------------------------------|-----------------------------|-----------------------------|
| Other Income | 488 | 56,239 |
| Profit / (Loss) Before Depreciation | (8,552) | 37,938 |
| Depreciation | (12,953) | (13,067) |
| Profit / (Loss) after tax | (21,505) | 24,916 |

DIVIDEND

In view of the past accumulated losses of the Company, the Directors are unable to recommend any dividend for the year under review.

OPERATIONAL REVIEW

During the Financial year 2010-11 the Company has not carried any activities and the Plant Capacity remained unutilized during the whole year. The revival process is still under consideration before the Hon'ble AAIFR.

DIRECTORS

Pursuant to Article 102 of the Articles of Association of the Company, Mr. J. K. Srivastava retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company confirms:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit or loss of the Company for the year ended on that date;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of aforesaid Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Annual Accounts have been prepared on the going concern basis.

AUDITORS

M/s S. Mandal & Co., Chartered Accountants, the statutory auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Accordingly, it is proposed to re-appoint them as Statutory Auditors of the Company to hold office until conclusion of the next Annual General Meeting.

AUDITORS COMMENTS

The remarks of the Auditors in their Report have been dealt with suitably in the various Notes forming part of the Accounts in respect of the financial year under review.

CORPORATE GOVERNANCE

Under Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion & Analysis and Corporate Governance Report together with a certificate from the practicing Company Secretary confirming compliance are set out in the Annexure forming part of this Annual Report.

LISTING IN STOCK EXCHANGE

The trading of equity shares of the Company stands suspended at Bombay Stock Exchange, Delhi Stock Exchange and Uttar Pradesh Stock Exchange and steps are being taken by the management for resumption of normal trading soon.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as per Section 217(1)(e) of the Companies Act, 1956 and rules made there under are not applicable since no manufacturing activities was carried during the financial year.

EMPLOYEE PARTICULARS

Particulars of employee in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 197 are not required since no employee is drawing salary more than Rs. 2,00,000/- in a month or Rs. 24,00,000/- P.A.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the support received from Government, Local Authorities, Financial Institution, Banks and employees of the Company.

By Order of the Board

Place : Kolkata
Date : 3rd September, 2011

(M. K. Gupta)
Chairman

VEGEPRO FOODS & FEEDS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure & developments

The Company is registered as a Sick Company under Section 3(II) (O) of the Sick Industrial Companies (Special Provision) Act, 1985 with Board of Industrial and Financial Reconstruction (BIFR) in view of erosion of entire net worth of the Company.

Opportunities and threats

The Company is before AAIFR and steps are being taken for its speedy revival and the factory is non-operational since the year 2000.

Segment-wise or product wise performance

The Company does not have any reportable segment.

Outlook

The company is hopeful for its revival.

Risks and Concerns

The Company's plant is lying closed since ten years and the Company is before AAIFR.

Internal Control systems and their adequacy

Internal control systems are generally adequate. However, in view of no manufacturing activities, no internal audit has been carried out during the year.

Discussion on financial performance with respect to operational performance

The company's plant capacity remained unutilized during the entire year under review. Cost control measures have been carried out extensively. Expenses which are essential in nature are only been incurred.

Material developments in the Human Resources / Industrial relations front including number of people employed.

The plant is closed as aforesaid since last ten years.

Cautionary Statement

Statement in the Management Discussion and Analysis could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions, changes in Government regulations, fiscal laws and other statutes.

**ANNEXURE TO DIRECTOR'S REPORT
REPORT ON CORPORATE GOVERNANCE
(AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE)**

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in and continues to practice good Corporate Governance to improve corporate image. The basic philosophy of Corporate Governance in the Company emphasizes on highest levels of transparency, accountability and equity, in all respects of its operations.

II. BOARD OF DIRECTORS

• Composition

The composition of the Board of Directors of the company is four directors all of whom are Non-Executive and Independent thereby complying with the requirement of Clause 49 of listing agreement. The details of the Board of Directors as at 31st March, 2011 and their Directorships / Memberships in Committees of other Companies are as under :

| Name of the Directors | Category | FY 2010-11 Attendance at | | No. of Directorships in other Public Companies | | No. of Committee positions held in other Public Companies* |
|--|---------------------------|--------------------------|----------|--|--------|--|
| | | BM | Last AGM | Chairman | Member | Chairman |
| Mr. M. K. Gupta ¹ (Chairman) | Non-Executive Independent | 6 | Yes | - | 1 | - |
| Mr. R. S. Goenka ² | Non-Executive Independent | 6 | Yes | - | 1 | - |
| Mr. J. K. Srivastava | Non-Executive Independent | 6 | Yes | - | - | - |
| Mr. N. G. Vidyarthi (Nominee of PICUP) | Non-Executive Independent | - | No | - | - | - |

* Represents Membership / Chairmanship of Audit committee, Investor Grievance Committee and Remuneration Committee.

1. Re-designated as Non-Executive Chairman and Compliance Officer w.e.f. 19.02.2011
2. Ceased to be Non-Executive Chairman w.e.f 19.02.2011 but will continue as Non-Executive Director.

• Board Meetings

During the year, 6 Board Meetings were held on 14.05.2010, 31.07.2010, 14.08.2010, 03.09.2010, 12.11.2010 and 12.02.2011 (adjourned to 19.02.2011).

The gap between any two meetings did not exceed four months.

Mr. J. K. Srivastava is liable to retire by rotation and being eligible, offered himself for re-appointment. Information as required under clause 49(VI) of the Listing

Agreement is appended to the Notice for the 23rd Annual General Meeting.

III. AUDIT COMMITTEE :

The Audit Committee, constituted in line with the composition as prescribed by the code of Corporate Governance, presently comprise of Mr. M. K. Gupta (Chairman), Mr. J. K. Srivastava, Mr. N. G. Vidyarthi and Mr. R. S. Goenka. The scope of the Committee includes:-

- a) To review internal control systems, nature and scope of audit as well as post audit discussions.
- b) To review quarterly, half-yearly and annual statements.
- c) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- d) Reviewing the adequacy of internal audit function.
- e) To discuss with internal auditor any significant findings and follow-up thereon.
- f) To recommend to the Board on any matter relating to Financial Management including audit report.
- g) To oversee Company's financial reporting process and disclosure of financial information.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

| Name of Members | Category | No. of Meetings | |
|--|-----------------------------|-----------------|----------|
| | | Held | Attended |
| Mr. M. K. Gupta ¹ (Chairman) | Non-Executive & Independent | 6 | 6 |
| Mr. R. S. Goenka ² | Non-Executive & Independent | 6 | 6 |
| Mr. J. K. Srivastava | Non-Executive & Independent | 6 | 6 |
| Mr. N. G. Vidyarthi | Non-Executive & Independent | - | - |

1. Re-designated as Chairman w.e.f. 19.02.2011.
2. Ceased to be a Chairman w.e.f. 19.02.2011 but will continue as a member.

The Committee met six times on 14.05.2010, 31.07.2010, 14.08.2010, 03.09.2010, 12.11.2010 and 12.02.2011 (adjourned to 19.02.2011) during the year 2010-11. The Statutory Auditor is invited to the meeting as and when required. The Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

VEGEPRO FOODS & FEEDS LIMITED

IV. SHAREHOLDERS' COMMITTEE

- **Shareholders'/ Investors' Grievance Committee**

Shareholders' Grievance Committee has been formed for redressal of Investors complaints like transfer of shares, non-receipts of annual report, non-receipt of declared dividend, issue of duplicate certificates, transfer & transmission of shares & allied transactions.

The Committee oversees the performance of **M/s. C B Management Services Pvt. Limited**, the Registrars and Share Transfer Agents of the Company and recommends measures to improve the level of investor related services. All the share transfer/transmission cases approved by the Registrars are reported to the Committee. The Committee also keeps a close watch on disposal status of all complaints/grievances of shareholders.

The following three Directors are the members of the Shareholders'/ Investors' Grievances Committee viz. Mr. M. K. Gupta (as Chairman), Mr. R. S. Goenka & Mr. J. K. Srivastava as members.

The shareholders'/ Investor's Grievances Committee was re-constituted once during the year on 19.02.2011, wherein Mr. M.K. Gupta was re-designated as Chairman of the Committee in place of Mr. R.S.Goenka.

Two meetings were held during the year on 29.07.2010 and 29.01.2011 and was attended by Mr. M. K. Gupta, Mr. R. S. Goenka and Mr. J. K. Srivastava.

Mr. M. K.Gupta, Non-Executive Chairman acts as the Compliance Officer w.e.f. 19.02.2011.

All complaints/queries received during the year under review were duly replied/resolved and no share transfers were pending as on March 31, 2011.

The email ID earmarked for investors complaints: investors.vffl@gmail.com

- **Share Transfer Committee**

To expedite the process of share transfer, the Board has delegated the powers of share transfers to a committee comprising three Directors namely Mr. M. K.Gupta (as Chairman), Mr. R. S. Goenka and Mr. J. K. Srivastava.

The Share Transfer Committee was re-constituted once during the year on 19.02.2011, wherein Mr. M.K. Gupta was re-designated as Chairman of the Committee in place of Mr. R.S.Goenka.

During the financial year 2010-11 the committees met 6 times on the following dates :

16.04.2010, 31.05.2010, 15.06.2010, 30.09.2010, 11.01.2011 and 31.03.2011.

V. GENERAL BODY MEETINGS OF LAST 3 YEARS

Details of venue, date and time of the last three Annual General Meetings

| Year | Venue | Day & Date | Time |
|-----------|--|-------------------------|------------|
| 2007-2008 | A/2 Rahiya Industrial Estate, Kalpi Road, Orai, District : Jalaun-285 001, U. P. | Tuesday 30.09.2008 | 3.00 P.M. |
| 2008-2009 | A/2 Rahiya Industrial Estate, Kalpi Road, Orai, District : Jalaun-285 001, U. P. | Tuesday 30.09.2009 | 3.00 P.M. |
| 2009-2010 | A/2 Rahiya Industrial Estate, Kalpi Road, Orai, District : Jalaun-285 001, U. P. | Wednesday 29.09.2010 | 10.00 A.M. |

The resolutions at the above Annual General Meetings were passed by the requisite majority/unanimously.

No Special Resolutions were passed during the last three AGMs.

No Special Resolutions were required to be put through postal Ballot at the previous AGM's. No resolution on matters requiring postal ballot were placed for shareholder's approval in the ensuing Annual General Meeting.

VI. OTHER DISCLOSURES

- Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large : **There were no such transactions during the year.**
- Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI or any statutory authorities on any matter related to Capital markets during the last three years. : **None**

VII. MEANS OF COMMUNICATION

| | | |
|-----|---|---------------------------------------|
| (a) | Whether half-yearly report sent to each household of shareholders | No |
| (b) | Quarterly Results | |
| | (i) Which newspapers normally published in : | *Business Standard & Rashtriya Sahara |
| | (ii) Any Website displayed : | No |

VEGEPRO FOODS & FEEDS LIMITED

| | | |
|-----|--|-----|
| (c) | Whether Website also displays official news releases | No |
| (d) | Whether presentations made to institutional investors or to the analysts | No |
| (e) | Whether MD&A is a part of Annual Report or not | Yes |

| |
|--|
| <p>3)* The Uttar Pradesh Stock Exchange Assn. Ltd. Padam Towers 14/113 Civil Lines Kanpur- 208 001</p> <p>*Listing Fees not paid</p> |
|--|

VIII. GENERAL SHAREHOLDER INFORMATION

| | | |
|-----|--|---|
| (a) | 23rd Annual General Meeting : | Day : Friday |
| | | Date : September 30, 2011 |
| | | Time : 10.00 a.m. |
| | | Venue : Registered Office A/2 Rahiya Industrial Estate, Kalpi Road, Orai, District: Jalaun-285 001 U.P. |
| | | Financial Calendar : April to March |
| | | Publication of results for the Financial Year 2011-12 |
| | First Quarter results | On or before Mid August, 2011 |
| | Second Quarter results and half-yearly results | On or before Mid November, 2011 |
| | Third Quarter results | On or before Mid February, 2012 |
| | Fourth Quarter results and results for the year ending on 31.03.2012 | During May / June 2012 |
| | Annual General Meeting for the year ending March 31, 2012 | Last week of September, 2012 |
| (c) | Book closure period : | From Tuesday , September 20, 2011 to Friday , September 30, 2011, (both days inclusive) |
| (d) | Dividend Payment Date : | Not Applicable |
| (e) | Listing on Stock Exchanges | |
| | The Company's securities are Listed at : | |
| | 1) The Bombay Stock Exchange Ltd. Phiroza Jeejeebhoy Towers 25th Floor, Dalal Street, Mumbai 400 001 | |
| | 2)* The Delhi Stock Exchange Ltd. DSE House, 3/1 Asaf Ali Road New Delhi- 110 002 | |

| | | |
|-----|---|--|
| (f) | (i) StockCode : Physical Form | Bombay Stock Exchange (BSE) – Mumbai |
| | | Stock Code 519140 Equity ISIN VGPRFOO |
| | (ii) Depositories | Nil |
| (g) | Stock Market Data : The Equity Shares of the Company are not being traded in the Stock market due to temporary suspension of trading, therefore the Market Price Quotation for the Financial year are not available | |

(h) Share Holding Pattern as on 31.03.2011

| Name of the Shareholder | No. of Shares Held | % Holding |
|---------------------------|--------------------|---------------|
| Promoter & Promoter Group | 12368400 | 58.12 |
| FIs | 0 | 0.00 |
| NRIs and OBCs | 15000 | 0.07 |
| Mutual Funds | 2000 | 0.01 |
| FIs/Insurance Cos./Banks | 600 | 0.00 |
| Bodies Corporate | 2315378 | 10.88 |
| General Public | 6578622 | 30.92 |
| Total | 21280000 | 100.00 |

(i) Distribution of Share Holdings as on 31.03.2011

| Range of Ordinary Shares | No. of Shares | % to Capital | No. of Holders | % Holders |
|--------------------------|-----------------|---------------|----------------|---------------|
| 1 to 500 | 3119157 | 14.66 | 23406 | 97.04 |
| 501 to 1000 | 366400 | 1.72 | 449 | 1.86 |
| 1001 to 10000 | 626600 | 2.94 | 246 | 1.03 |
| Above 10000 | 17167843 | 80.68 | 18 | 0.07 |
| Total | 21280000 | 100.00 | 24113 | 100.00 |

VEGEPRO FOODS & FEEDS LIMITED

| | | |
|---|---|---|
| <p>(j) Registrar & Transfer Agents : C B Management Services Pvt. Limited P-22 Bondel Road Kolkata - 700 016 Ph. No.(033) 2280 6692-93-94/2486/2937, 2282 3236-37-38 & 3643 Fax No.(033) 2287 0263 e-mail: cbms11@cal12vsnl.net.in</p> <p>(k) Share Transfer System : Shares lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodging, if the documents are clear in all respects. Compliance Officer of the Company is empowered to approve transfer of shares. A summary of transfer/ transmission of securities of the Company so approved by the Share Transfer Committee is placed at every Board Meeting. Grievances received from Members and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 15 days. Pursuant to Clause 47(c) & 55 of the Listing</p> | <p>Agreement with the Stock Exchanges, certificates, on half-yearly & quarterly basis, have been issued by a Company Secretary in practice for due compliance of share transfer formalities & Secretarial Audit report, respectively, by the Company and files a copy of the certificates with the Stock Exchanges.</p> | |
| | (l) Dematerialization of Shares & Liquidity: | Nil |
| | (m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely equity: | None |
| | (n) Plant Locations : | A/2 Rahiya Industrial Estate, Kalpi Road, Orai, District: Jalaun-285 001 U.P. |
| | (o) Address for Correspondences: | Administrative Office 'White House', 'A' Block 4th Floor, 119, Park Street Kolkata-700 016 |

CERTIFICATE

Certificate to the members of Vegepro Foods & Feeds Limited on compliance of the conditions of Corporate Governance for the year ended March 31, 2011 under clause 49 of the Listing Agreements with relevant Stock Exchanges.

We have examined the compliance of the conditions of Corporate Governance by **Vegepro Foods & Feeds Limited** for the year ended 31.03.2011, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange (s).

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. Our Examination was limited to procedure 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 statements 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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by The Institute of Company Secretaries of India, we have to state that the Registrar of the Company have certified that as on 31st March, 2011, there were no investor grievances remaining unattended/pending for more than 30 days against this Company except in cases which are constrained by disputes and legal impediments.

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 MR & Associates
Company Secretaries**



**M. R. Goenka
Partner
C. P. No. 2551**

**Place : Kolkata
Date : 3rd September, 2011**

Auditors' Report

TO THE MEMBERS OF VEGEPRO FOODS AND FEEDS LIMITED

We have audited the attached Balance Sheet of Vegepro Foods and Feeds Limited, as at 31st March, 2011 and also the annexed Profit & Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. 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.
 2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub - Section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable except for comments in para 6(a) to 6(j) below.
5. Except in case of Mr. N.G.Vidyarthi, Nominee of PICUP in whose case no written representation u/s 274(1)(g) of the Companies Act, 1956 has been received by the Company, on the basis of the written representations received from all other directors of the Company as on 31st March 2011 and taken on the 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 u/s 274(1)(g) of the Companies Act, 1956.
 6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, subject to :
 - a) **note no. 5 of Schedule '13' regarding closure of factory since 11.10.2000 and accounts having been prepared on the basis that the Company is a going concern,**
 - b) **note no. 6 of Schedule '13' regarding unreconciled balance of Unit Trust of India and non provision of interest on NCD's,**
 - c) **note no. 7 of Schedule '13' regarding unconfirmed balances of Sundry Creditors and Loans and Advances,**
 - d) **note no.8 of Schedule '13' regarding Physical verification of Inventories and write off of entire Inventories,**
 - e) **note no. 9 & 10 of Schedule '13' regarding appeals pending before Income Tax and Trade Tax Authorities,**
 - f) **note no. 11 of Schedule '13' regarding Investments, Fixed Deposits and Other Current Assets written off,**
 - g) **note no. 16 of Schedule '13' regarding non-disclosure of the amounts payable to Micro, Small and Medium Enterprises,**
 - h) **note no.17 of Schedule '13' regarding non-provision of impairment losses.**
 - i) **note no. 3 of Schedule '13' regarding Capitalization of interest of Rs. 974.12 lacs on term loans and charging depreciation on interest amount, not in keeping with generally followed accounting principles and**
 - j) **note no.4 of schedule '13' regarding non-provision in respect of certain Loan and Advances of Rs.54.01 lacs,**

VEGEPRO FOODS & FEEDS LIMITED

read together with notes thereon, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (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 loss of the Company for the Year ended as on that date; and

(iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For S. Mandal & Co.
Chartered Accountants
Firm Regn. No. : 314188E**

**(Hiran Chandra Dey)
M. No. 050190
Partner**

**Place : Kolkata
Dated : 3rd September, 2011**

Annexure to the Auditor's Report

Referred to in paragraph 3 of our Report of even date on the Accounts for the year ended on 31st March, 2011 of Vegepro Foods and Feeds Limited.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Fixed Assets have not been physically verified during the year by the management due to lockout in the factory.
- (c) The Company has not made any disposal of its Fixed Assets during the year.
- (ii) (a) The Inventories have not been physically verified by the management during the year.
- (b) We are unable to give our comments on Para 4(ii) (b) & (c) of CARO Order as no physical verification was carried out by the management due to closure of the factory since 11.10.2000. However, the entire Inventories have been written off during the year.
- (iii) According to information and explanations given to us, the company has neither granted nor taken during the year any Loans, Secured or Unsecured, to and from Companies, Firms or other Parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) to (d) and (f) & (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for the sales of goods (Forestry/Horticulture product) and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of this area. Further due to closure of the factory there are no transactions of purchase of inventories and Fixed Assets.
- (v) (a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (b) In view of the above, clause (v) (b) of Paragraph 4 of the Companies (Auditor's Report) Order 2003 is not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58 AA of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under

with regard to deposits accepted from the public are not applicable to the Company.

- (vii) Internal Audit has not been carried out due to closure of factory during the year.
- (viii) As informed by the management, the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1) (d) of the Companies Act, 1956 for any of its products.
- (ix) (a) As explained to us, the company in general is regular in depositing with the appropriate Authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues whenever applicable to it except in case of Investor Education and Protection Fund of unpaid share application money of Rs. 2.25 lacs and TDS of Rs. 0.54 lacs which has not been deposited with appropriate Authority.
- (b) At the last day of the financial year, according to the records of the Company and the information and explanations given to us, there was no dues of Wealth Tax, Service Tax, Custom duty, Excise Duty and Cess which have not been deposited on account of any dispute. However, there are dues of Income tax and sales tax at the last day of the financial year which have not been deposited on account of disputes but as mentioned in note no. 9 and 10 of Schedule '13' management has not ascertained the amount of disputed Income tax and sales tax liability and also not provided to us the details of Authorities before which disputes are pending, we are unable to quantify the same.
- (x) The Company's accumulated Losses at the end of the financial year are less than the total of Share Capital and Reserve & Surplus due to write off of Advances and Security and Other Deposits from customers and Unsecured Loans in earlier Financial Years. However, the Company has incurred cash loss both during the Current as well as in the immediately preceding Financial Year.
- (xi) The Company had defaulted in repayment of dues to Financial Institutions/debenture holders, detail of which are given below

| | Amount of default as per books of account | Period of default |
|---|--|--------------------------|
| a. Debenture issued to UTI (as per note no. 6 of Schedule '13') | 35.65 lacs | 15.03.98 |

VEGEPRO FOODS & FEEDS LIMITED

- (xii) In our opinion and according to the information and explanations given to us, and based on the documents and record produced before us, the company has not granted any Loans and Advances on the basis of security by way of pledge of Shares, Debentures and Other Securities.
- (xiii) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in Shares, Securities, Debentures and Other Investments.
- (xv) According to the information and explanations given to us the Company has not given any Guarantee for Loans taken by others from Banks and Financial Institutions.
- (xvi) The Company has not raised any new Term Loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the current financial year.
- (xx) The Company has not raised any money through public issue during the year.

For S. Mandal & Co.
Chartered Accountants
Firm Regn. No. : 314188E

(Hiran Chandra Dey)
M. No. 050190
Partner

Place : Kolkata
Dated : 3rd September, 2011

VEGEPRO FOODS & FEEDS LIMITED

BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2011

| | Schedule | As at 31st March, 2011 | (Rs. '000) As at 31st March, 2010 |
|--|----------|---------------------------|---|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUND | | | |
| Share Capital | 1 | 257,753 | 257,753 |
| Reserve & Surplus | 2 | 6,620 | 6,620 |
| LOAN FUNDS | | | |
| Secured Loan | 3 | 3,565 | 3,565 |
| TOTAL | | 267,938 | 267,938 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 4 | 300,469 | 300,469 |
| Less : Depreciation | | 277,133 | 264,180 |
| Net Block | | 23,336 | 36,289 |
| Capital Work-in-progress | | 1,371 | 1,371 |
| | | 24,707 | 37,660 |
| INVESTMENTS – AT COST | | | |
| Other than Trade | | | |
| – Unquoted - National Saving Certificates : Opening Balance | | 72 | |
| Less : Written Off | | 72 | 72 |
| (Refer Note 11 on Schedule 13) | | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | 5 | - | 6,804 |
| Sundry Debtors | 6 | - | - |
| Cash & Bank Balances | 7 | 38 | 494 |
| Other Current Assets | | 327 | |
| Less : Written Off | | 327 | 327 |
| [Including Interest Accrued on Investment Rs. Nil Lac (Previous year Rs. 0.09 lacs)] Refer Note 11 on Schedule - 13) | | | |
| Loans and Advances | 8 | 5,401 | 8,156 |
| | | 5,439 | 15,781 |
| LESS : CURRENT LIABILITIES & PROVISIONS | 9 | 22,654 | 24,516 |
| NET CURRENT ASSETS | | (17,215) | (8,735) |
| PROFIT & LOSS ACCOUNTS | | 260,446 | 238,941 |
| TOTAL | | 267,938 | 267,938 |
| NOTES TO ACCOUNTS | 13 | | |

This is the Balance Sheet referred to in our report of even date.

The Schedules referred to above form an integral part of the Balance Sheet.

For S. Mandal & Co.
Chartered Accountants

(Haran Chandra Dey)
Partner
M. No. 050190

Place : Kolkata
Dated : 3rd September, 2011

For and on behalf of the Board

M. K. Gupta
Chairman

J. K. Srivastava
Director

VEGEPRO FOODS & FEEDS LIMITED

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

| | <u>Schedule</u> | <u>Year ended 31st March, 2011</u> | <u>(Rs. '000) Year ended 31st March, 2010</u> |
|---|-----------------|--|---|
| INCOME | | | |
| Other Income | 10 | 488 | 56,239 |
| TOTAL INCOME | | <u>488</u> | <u>56,239</u> |
| EXPENDITURE | | | |
| Staff Cost | 11 | 316 | 292 |
| Other Expenses | 12 | 8,724 | 17,964 |
| Depreciation | | 12,953 | 13,067 |
| TOTAL EXPENDITURE | | <u>21,993</u> | <u>31,323</u> |
| PROFIT/(LOSS) BEFORE TAX | | <u>(21,505)</u> | <u>24,916</u> |
| LESS PROVISION FOR FRINGE BENEFIT TAX | | <u>-</u> | <u>-</u> |
| NET PROFIT/(LOSS) FOR THE YEAR | | <u>(21,505)</u> | <u>24,916</u> |
| (LOSS) BROUGHT FORWARD FROM THE LAST YEAR | | <u>(238,941)</u> | <u>(263,857)</u> |
| BALANCE OF (LOSS) CARRIED TO THE BALANCE SHEET | | <u>(260,446)</u> | <u>(238,941)</u> |
| Earnings Per Share (EPS) | | | |
| BASIC | | <u>(1.36)</u> | <u>0.82</u> |
| DILUTED | | <u>(1.36)</u> | <u>0.82</u> |
| (Refer Note 15 on Schedule 13) | | | |
| NOTES TO ACCOUNTS | 13 | | |

This is the Profit & Loss Account referred to in our report of even date.

The Schedules referred to above form an integral part of the Balance Sheet.

For S. Mandal & Co.
Chartered Accountants

(Haran Chandra Dey)
Partner
M. No. 050190

Place : Kolkata
Dated : 3rd September, 2011

For and on behalf of the Board

M. K. Gupta
Chairman

J. K. Srivastava
Director

VEGEPRO FOODS & FEEDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Pursuant to Clause 32 of the listing agreement)

| | Year ended on 31st March, 2011 | (Rs. '000) Year ended on 31st March, 2010 |
|--|---|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit/(Loss) before tax and Extraordinary items | (21,505) | 24,916 |
| Adjustments for : | | |
| Depreciation | 12,953 | 13,067 |
| Provision for Doubtful Advance | 300 | 17,323 |
| Interest Income | (1) | (9) |
| Provision for Doubtful Debts and Advances | - | (8,502) |
| Excess Provisions not required written back | - | (5,926) |
| Securities and Advances from Customer written off | - | (41,490) |
| Assets Written off (Refer Schedule 12) | 7,510 | - |
| | 20,762 | (25,537) |
| Operating Profit /(Loss) before working capital changes | (743) | (621) |
| Adjustments for : | | |
| Current Assets | 1,832 | 291 |
| Current Liabilities | (1,861) | 296 |
| | (29) | 587 |
| | (772) | (34) |
| Cash generated before extraordinary items | - | - |
| Extra ordinary items : | | |
| Cash generated from Operating Activities | (772) | (34) |
| Net Cash from Operating Activities | (772) | (34) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | 72 | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES | 244 | - |
| Increase/(Decrease) in Long Term Borrowings (Net) | - | - |
| | 316 | - |
| Net increase in Cash or Cash Equivalents | (456) | (34) |
| Cash and Cash Equivalents as at 31.03.2010 | | |
| Cash and Bank Balances | 494 | 528 |
| Cash and Cash Equivalents as at 31.03.2011 | | |
| Cash and Bank Balances | 38 | 494 |
| Notes : Figures in brackets represent outflow. | | |

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

For S. Mandal & Co.
Chartered Accountants

(Haran Chandra Dey)
Partner
M. No. 050190

Place : Kolkata
Dated : 3rd September, 2011

For and on behalf of the Board

M. K. Gupta
Chairman

J. K. Srivastava
Director

VEGEPRO FOODS & FEEDS LIMITED

SCHEDULE - 1

| | | As at March 31, 2011 | (Rs. '000) As at March 31, 2010 |
|---|---|-------------------------|---------------------------------------|
| SHARE CAPITAL | | | |
| Authorised | | | |
| 25,000,000 | Equity Shares of Rs. 10/- each | 250,000 | 250,000 |
| 4,500,000 | 14% Cumulative Convertible Preference Shares of Rs. 10/- each | 45,000 | 45,000 |
| 500,000 | Preference Shares of Rs. 10/- each | 5,000 | 5,000 |
| | | <u>300,000</u> | <u>300,000</u> |
| Issued, Subscribed & Paid Up | | | |
| 21,280,000 | Equity Shares of Rs. 10/- each fully paid up in Cash | 212,800 | 212,800 |
| Less : | Calls in arrears (Due from other than director) | <u>47</u> | <u>47</u> |
| | | 212,753 | 212,753 |
| 4,500,000 | 14% Cumulative Convertible Preference Shares of Rs. 10/- each (Fully paid up, issued on conversion of Rs. 450.00 lacs of principal outstanding of loan from Financial Institutions and convertible at any time at the option of the Financial Institutions) | 45,000 | 45,000 |
| | | <u>257,753</u> | <u>257,753</u> |

SCHEDULE - 2

RESERVE & SURPLUS

| | | |
|--|--------------|--------------|
| Capital Reserve (Central Investment Subsidy) [As per last year's accounts] | 2,500 | 2,500 |
| Share Premium Accounts [As per last year's accounts] | 4,120 | 4,120 |
| | <u>6,620</u> | <u>6,620</u> |

SCHEDULE - 3

SECURED LOANS

DEBENTURES

| | | |
|--|--------------|--------------|
| 35,650 Secured Redeemable Non-Convertible Debentures of Rs. 100/- each (Refer Note 6 on Schedule 13) | 3,565 | 3,565 |
| (The Debentures are secured by a first mortgage and charges on all the Company's immovable and movable properties except book debts, both present and future, subject to a prior charge on stock in favour of the bankers for working capital. The above mortgage and charge will rank <i>pari passu</i> in point of Security. The Debentures are also secured by a pledge of the shares held in the Company by the private promoters and their associate Companies) | <u>3,565</u> | <u>3,565</u> |

VEGEPRO FOODS & FEEDS LIMITED

SCHEDULE - 4

Fixed Assets [Refer Notes 1 (I) and 1 (II) on Schedule 13]

(Rs. '000)

| FIXED ASSETS | Gross Block | | | | Depreciation | | | Net Block | |
|--------------------------|----------------------|---------------------------|-------------------------------|----------------------|----------------------|--------------|----------------------|----------------------|----------------------|
| | As at 1st April 2010 | Additions During the year | Sale/Disposal During the year | As at 31st Mar. 2011 | As at 31st Mar. 2010 | For the Year | As at 31st Mar. 2011 | As at 31st Mar. 2011 | As at 31st Mar. 2010 |
| Land : Lease hold | 4,217 | - | - | 4,217 | 842 | 42 | 884 | 3,333 | 3,375 |
| Free hold | 7 | - | - | 7 | - | - | - | 7 | 7 |
| Buildings | 69,686 # | - | - | 69,686 | 54,784 | 1,154 | 55,938 | 13,748 | 14,902 |
| Plant & Machinery | 222,185 # | - | - | 222,185 | 204,341 | 11,732 | 216,073 | 6,112 | 17,844 |
| Furniture & Fixture | 1,646 | - | - | 1,646 | 1,600 | 8 | 1,608 | 38 | 46 |
| Office Equipment | 2,294 | - | - | 2,294 | 2,181 | 16 | 2,197 | 97 | 113 |
| Vehicles | 434 | - | - | 434 | 432 | 1 | 433 | 1 | 2 |
| Total | 300,469 | - | - | 300,469 | 264,180 | 12,953 | 277,133 | 23,336 | 36,289 |
| Capital Work-in-Progress | | | | | | | | 1,371 | 1,371 |
| Total | | | | | | | | 24,707 | 37,660 |
| Previous year | 300,469 | | | 300,469 | | | | | |

Including Interest Capitalised (Refer Note 3 on Schedule 13) :

Building Rs. 256.37 lacs

Plant and Machinery Rs. 717.75 lacs

Total Rs. 974.12 lacs

(Rs. '000)

As at 31st March, 2011 As at 31st March, 2010

SCHEDULE - 5

INVENTORIES

[(REFER NOTE I (III) AND 8 ON SCHEDULE 13)]

| | | | |
|-----------------------------------|-------|---|-------|
| Stock and Spare Parts | 4,384 | | |
| Less : Writen off | 4,384 | - | 4,384 |
| Raw Material and Packing Material | 2,420 | | |
| Less : Written off | 2,420 | - | 2,420 |
| | | - | 6,804 |
| | | - | 6,804 |

(Refer note 8 on Schedule 13)

SCHEDULE - 6

SUNDRY DEBTORS (UNSECURED)

| | | | |
|--------------------------------------|---|---|-------|
| Considered good | | | |
| Outstanding for more than six months | - | - | |
| Others | - | - | |
| | - | - | - |
| Considered doubtful | | | |
| Outstanding for more than six months | | - | 9,365 |
| | | - | 9,365 |
| Less : Provision for doubtful debts | | - | 9,365 |
| | | - | - |

VEGEPRO FOODS & FEEDS LIMITED

| | (Rs. '000) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2011 | As at 31st March, 2010 |
| SCHEDULE - 7 | | |
| CASH & BANK BALANCES | | |
| Balances with Scheduled Banks | | |
| In Current Accounts | 27 | 158 |
| In Fixed Deposits | 244 | |
| Less : Written off | 244 | 244 |
| [Pledged with the Bank as margin money against issue of bank guarantee Rs. 2.44 lacs (Previous year Rs. 2.44 lacs)] (Refer Note 11 on Schedule 13) | | |
| Cash in Hand | 11 | 92 |
| | <u>38</u> | <u>494</u> |
| SCHEDULE - 8 | | |
| LOANS AND ADVANCES (Unsecured) | | |
| (Considered good, unless otherwise stated) | | |
| Advances recoverable in Cash or in kind or value to be received | | |
| Considered Good | 5,401 | 8,156 |
| Considered doubtful | 300 | 6,644 |
| | <u>5,701</u> | <u>14,800</u> |
| Security and Other Deposits | - | - |
| Considered Good | | |
| Considered Doubtful | - | 1,313 |
| | <u>5,701</u> | <u>16,113</u> |
| Less : Provision for Doubtful Advances/Securities Deposits | 300 | 7,957 |
| | <u>5,401</u> | <u>8,156</u> |
| SCHEDULE - 9 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| Sundry Creditors (Refer Note 16 on Schedule 13) | 12,209 | 12,153 |
| Advance from Customers | 9,445 | 9,120 |
| Other Liabilities | 1,000 | 3,243 |
| [Includes the following : Provision for Gratuity Rs. 1.25 lacs (Previous year Rs. 1.18 lacs) Investor Education and Protection Fund on account of unpaid Share Application Money Rs. 2.25 lacs (Previous year Rs. 2.25 lacs) | | |
| | <u>22,654</u> | <u>24,516</u> |
| SCHEDULE - 10 | | |
| OTHER INCOME | | |
| Interest on Deposits | - | 9 |
| Interest on I. Tax Refund (A.Y. 2007-08) | 1 | - |
| Advance/Security deposits from customers written off | - | 41,490 |
| Earlier year's Provision of Doubtful Advances/Gratuity no | - | 5,925 |
| Forestry/Horticulture Sale | 75 | 97 |
| Earlier year's Provision of Doubtful debts no longer required written back | - | 8,503 |
| Rent Received | 412 | 215 |
| | <u>488</u> | <u>56,239</u> |

VEGEPRO FOODS & FEEDS LIMITED

| | As at 31st March, 2011 | (Rs. '000) As at 31st March, 2010 |
|---|---------------------------|---|
| SCHEDULE - 11 | | |
| STAFF COST | | |
| Salaries, Wages and Bonus | 253 | 214 |
| Contribution to Provident and Superannuation Funds | 27 | 28 |
| Welfare Expense | 36 | 42 |
| Compensation of salary etc. to ex-employees (Refer Note on Schedule 13) | - | 8 |
| | 316 | 292 |
| SCHEDULE - 12 | | |
| OTHER EXPENSES | | |
| Audit Fee | 30 | 22 |
| Fee Rates and Taxes | 4 | 1 |
| Advertisement | - | 15 |
| Travelling and Conveyance | 18 | 20 |
| Postage and Telephone | 33 | 136 |
| Share Transfer Expenses | 37 | 17 |
| Legal and Consultancy | 415 | 106 |
| Listing Fees | 35 | 35 |
| Security Expenses | 126 | 126 |
| Bank Charges | 4 | 6 |
| Printing & Stationary | 6 | 50 |
| Bad Advance and Security and other Deposits Written off (Advance Income Tax not recoverable - Asst. Year 06-07 & 07-08) | 63 | 7,957 |
| Bad Debts Written off | - | 9,365 |
| Repair & Maintenance | 33 | 5 |
| Miscellaneous | 173 | 103 |
| Stores & Spare Parts - written off (refer Note 8 on Schedule 13) | 4,384 | - |
| Raw Materials and Packing Materials - Written off (refer Note 8 on Schedule 13) | 2,420 | - |
| Investments - Written off (refer Note 11 on Schedule 13) | 72 | - |
| Fixed Deposits - Written off (refer Note 11 on Schedule 13) | 244 | - |
| Other Current Assets - Written off (refer Note 8 on Schedule 13) | 327 | - |
| Provision for doubtful advance | 300 | - |
| | 8,724 | 17,964 |

VEGEPRO FOODS & FEEDS LIMITED

Schedule – 13

Notes to Accounts

I. Statement on Significant Accounting Policies

I Fixed Assets

Fixed assets are stated at their original cost including Freight, Duties, Taxes and other incidental cost related to acquisition and installation. Also refer to Note 3 below.

II. Depreciation

Depreciation on Fixed Assets other than Plant and Machinery has been provided on written down value method and on Plant and Machinery on straight line method in accordance with the rates and manner specified in Schedule XIV to the Companies Act, 1956 (as amended). Leasehold land is amortized over the life of the lease.

III. Inventory

Inventories are valued as follows:

Raw materials and Packing materials Stores and spare parts - At Cost

Finished Goods - At lower of cost or net realisable value

IV. Investments

Investments are valued at cost. Earnings from investments are accounted for on accrual basis.

V. Revenue

Revenue from sale of goods is recognised on dispatch of goods from the factory/depots or consignee agents. Insurance claims are accounted for on admittance of the claim by the relevant authorities.

VI. Gratuity

In keeping with practice generally followed by the Company, Provision for gratuity is made in respect of employees who have completed five years of service with the Company on the basis of last salary drawn for half month's salary for every completed year of service.

2. Contingent Liabilities represent

- a. Claims against the Company not acknowledged as debts in respect of court cases - amount unascertainable.
 - b. Arrears of fixed cumulative dividend and tax thereon Rs.1033.50 lacs (Previous year Rs. 959.79 lacs) on 14% Cumulative Convertible Preference Shares – the amount of dividend are in arrear since the Accounting Period 1995-1997 the period of allotment of Preference Shares.
 - c. Liability which may arise due to appeals pending with Income Tax and Trade Tax Authorities - amount unascertainable.
3. The Company's production facilities were installed and it began commercial production in phases and the primary operating unit, namely the Solvent Extraction Plant, started operating with effect from 1st April, 1989. Due to acute shortage of raw materials since commencement of commercial production, the various production units of the Plant could not be made fully operational. Upon such insignificant use of the Plant, the Board considered it appropriate to capitalize, interest on Term Loans availed of for the purpose of acquisition/installation of relevant Fixed Assets and expensed in the accounts after commencement of commercial production aggregating Nil for the current year and Rs. 974.12 up to 31st March, 2011.

As a result, Year-end Fixed Assets (Net Block) are higher by Rs. 180.64 lacs with a corresponding favorable effect on the net worth of the Company. The current year's Loss is higher by Rs. 43.42 lacs arising out of depreciation charged during the year on the total Term Loans interest capitalized.

4. Year-end Loans and Advances considered good include an aggregate amount of Rs. 54.01 lacs (Previous Year Rs. 81.56 lacs) in respect of which appropriate steps have been taken by the Company for recovery. Pending outcome of the Company's actions, the amount which may not be ultimately realisable is not ascertainable at this stage and hence, no provisions have been made therefore.

VEGEPRO FOODS & FEEDS LIMITED

5. The Company has closed its factory with effect from 11.10.2000 due to heavy accumulated losses vide its notice for closure dated 08.10.2000 and the information for closure has also been given to concerned Ministry and departments. The Company was also referred to the Board for Industrial and Financial Reconstruction, New Delhi (B.I.F.R.) under Section 15(1) of the Sick Industrial Companies (Special provisions) Act, 1985(SICA) vide Company's letter dated 4th September 2000 for its revival and pending finalization, the Accounts of the Company have been prepared on a going concern basis. B.I.F.R. vide its order dated 19th August 2010 has recommended for winding up of the Company through the Hon'ble Allahabad High Court. However, the Company has already filed an appeal on 12th October, 2010 before the Appellate Authority for Industrial and Financial Reconstruction (A.A.I.F.R.) on against the said Impugned Order dated 19.08.2010 of the B.I.F.R. Pending outcome of the Appellate proceedings, which the Company expects to be on its favour, the Accounts of the Company for the Financial Year ended 31st March, 2011 have been prepared on the basis that the Company is a going concern.
6. As per the agreement dated 24.09.97 entered by the Company with ICICI (operating agency) it was agreed to redeem the entire amount of Non Convertible Debentures (NCD's) of Rs. 521.17 lacs up to 15.03.1998. Company redeemed the entire amount of NCD's within stipulated time except in case of NCD's of Rs. 35.65 lacs to UTI. The UTI expressed their disagreement on the aforesaid amount as their account was unreconciled at the time of conversion of term loan into NCD's in the year 1995-97 accounts. Further as the reconciliation with UTI is still pending, Company has not made any provision for liabilities that may arise on reconciliation of the account with UTI and the amount of interest on NCD's since 15.03.1998.
7. Balances of Sundry Creditors and Loans and Advances are subject to confirmation.
8. Due to closure of the factory since 11.10.2000, the Company could not undertake proper care for the maintenance / upkeepment of the entire Raw materials, Packing materials, Stores and Spare Parts resulting in severe damage / value erosion and consequently these are no more useable / realizable. Hence the Management has decided to write off the entire Inventories consisting of various items of Stores and Spare Parts of Rs.43.84 lacs and Raw materials and Packing materials of Rs.24.20 lacs in the year 2010-11.
9. Income Tax assessment has been completed up to the Assessment Year 2008-2009 and no demand is outstanding for payment. Appeals filed by the Company in respect of several Assessment Years are still pending. No provision has been made for tax liability, if any, that may arise on disposal of such appeals as the amount is not ascertainable.
10. No provision has been made for appeals pending before Trade Tax Authorities as the amount is not ascertainable.
11. The Instruments of Investments (NSC) and Fixed Deposit receipts are no more traceable and the same are also not realizable, now the Board has decided to write it off in the current year 2010-11. The claim/liability against these pledged instruments are also non-existent. Consequent to that, Other Current Assets consisted of Accrued Interest accumulated up to the previous year are also not realizable and hence written off in the year 2010-11.
12. In terms of Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has determined the deferred tax assets as on 31.03.2011 but the same has not been recognized in view of uncertainty of future taxable income. In view of the brought forward losses no provision for taxation is required to be made as on 31st March, 2011.

VEGEPRO FOODS & FEEDS LIMITED

13. Disclosure of detail pertaining to related party transactions in term of Accounting Standard (AS- 18):

| Related Party | Relationship | Type of transaction | 2010-11 (Amount) | 2009-10 (Amount) |
|-------------------------------|-------------------|-----------------------------------|---------------------|---------------------|
| 1. Dhanani International Ltd. | Associate Company | Amount received during the year | 2456 | 291 |
| 2. Dhanani International Ltd. | Associate Company | Amount receivable at the year end | 5166 | 7621 |

14. There is no separate reportable segment as per Accounting Standard-17.

15. Earning per share (Rs. '000)

| Particulars | Year ended 31.03.2011 | Year ended 31.03.2010 |
|--|--------------------------|--------------------------|
| a. Net profit/(loss) as per Profit and Loss Account | (21,505) | 24,916 |
| Less: Extra ordinary income (Unsecured Loan written off) | - | - |
| b. Profit/Loss after Extraordinary items | (21,505) | 24,916 |
| Less: Preference dividend and tax | 7,371 | 7,371 |
| c. Net profit/(loss) for Equity Shareholders | (28,876) | 17,545 |
| d. Weighted average number of Equity Shares | 21,280 | 21,280 |
| e. Basic and diluted earning per share of Rs. 10/- each (in Rs.) | (1.36) | 0.82 |

Potential equity shares are anti-dilutive as their conversion to equity shares would either increase profit per share or decrease loss per share from continuing ordinary activities. The effects of anti-dilutive potential equity have been ignored in calculating diluted earnings per share. Consequently, the basic and diluted earning per share of the company remain the same.

VEGEPRO FOODS & FEEDS LIMITED

16. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of information and on account of closure of the factory since 2000, disclosure relating to amounts unpaid at the year-end together with interest payable thereon as required under the said Act, has not been made.
17. Impairment losses, if any, as per Accounting Standard (AS) 28 issued by the Institute of Chartered Accountants of India could not be computed as the Company has closed its factory with effect from 11.10.2000.
18. As per Accounting Standard 15 "Employee Benefits" the disclosure of Employee benefits as defined in the Accounting Standard are given below:

a) Defined Contribution Plan :

2010-11 2009-10

| | | |
|--|-----------|-----------|
| Employer's Contribution of PF Funds | 20 | 21 |
|--|-----------|-----------|

b) Defined Benefit Plan :

- i) Leave encashment: The Company has not provided leave encashment as all the employees have availed off their leaves during the year and there was no dues in this account at the end of year.
- ii) Gratuity: During the year the company has made a provision of Rs. 0.07 lacs (0.08 lacs in- previous year) for gratuity as per the provisions of the Payment of Gratuity Act i.e. half month's salary for every completed year of service. Since there are only few employees in the company, the management does not see any need for actuarial valuation of the defined benefit plan.
19. Previous year figures have been regrouped/ recast wherever necessary to confirm to this year's presentation.

VEGEPRO FOODS & FEEDS LIMITED

20. Details of licensed capacity, installed capacity and actual production.

| LICENSED CAPACITY | 2010-11 (In Tonnes) | 2009-10 (In Tonnes) |
|---|------------------------|------------------------|
| Solvent Extraction Plant (input basis) | Not applicable | Not applicable |
| Refinery | Not applicable | Not applicable |
| Texturised Soya Plant | Not applicable | Not applicable |
| Edible Soya Flour (FDS) | Not applicable | Not applicable |
| Dehauling Plant (Dall Mill) | Not applicable | Not applicable |
| Cattle Feed Plant | Not applicable | Not applicable |
| INSTALLED CAPACITY PER ANNUM (as certified by Company's Technical Expert) | | |
| Solvent Extraction Plant (input basis) | 120000 | 120000 |
| Refinery | 3000 | 3000 |
| Texturised Soya Plant | 2880 | 2880 |
| Edible Soya Flour (FDS) | 67500 | 67500 |
| Dehauling Plant (Dall Mill) | 50000 | 50000 |
| Cattle Feed Plant | 15000 | 15000 |
| ACTUAL PRODUCTION : | Nil | (Previous year Nil) |

21. Details of opening stock, sales and closing stock :

| Particulars | Opening Stock | | Sales | | Closing Stock | |
|----------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2010-11 Qty Value M.T. Rs. '000 | 2009-10 Qty Value M.T. Rs. '000 | 2010-11 Qty Value M.T. Rs. '000 | 2009-11 Qty Value M.T. Rs. '000 | 2010-11 Qty Value M.T. Rs. '000 | 2009-10 Qty Value M.T. Rs. '000 |
| Soya refined Oil | 2.728 * - | 2.728 * - | - - | - - | 2.728 * - | 2.728 * - |
| Mustard Refined Oil | 1.609 * - | 1.609 * - | - - | - - | 1.609 * - | 1.609 * - |
| Rice Bran Crude Oil | 2.148 * - | 2.148 * - | - - | - - | 2.148 * - | 2.148 * - |
| Soya Crude Oil | 0.264 * - | 0.264 * - | - - | - - | 0.264 * - | 0.264 * - |
| Mustard Crude Oil | 3.055 * - | 3.055 * - | - - | - - | 3.055 * - | 3.055 * - |
| Soya De-Oiled Cake | 7.250 * - | 7.250 * - | - - | - - | 7.250 * - | 7.250 * - |
| Rice Bran De-oiled - | - - | - - | - - | - - | - - | - - |
| Cattle Feed | 4.425 * - | 4.425 * - | - - | - - | 4.425 * - | 4.425 * - |

* Damaged and non saleable stock, taken of 'Nil' value.

VEGEPRO FOODS & FEEDS LIMITED

27. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

| | | | |
|--------------------|------------|------------|----|
| Registration No. | 8717 | State Code | 20 |
| Balance Sheet Date | 31-03-2011 | | |

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

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Right Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)

| | | | |
|------------------------------|-----------|------------------------|--------|
| Total Liabilities | 290592 | Total Assets | 290592 |
| Sources of funds | | | |
| Paid-up Capital | 257753 | Reserve & Surplus | 6620 |
| Secured Loans | 3565 | Unsecured Loans | --- |
| Applications of funds | | | |
| Net Fixed Assets | 24707 | Miscellaneous Expenses | --- |
| Net Current Assets | (-) 17215 | | |
| Investments | - | | |
| Accumulated Losses | 260446 | | |

IV. Performance of Company (Amount in Rs. Thousand)

| | | | |
|----------------------------------|----------|---------------------------------|---------|
| Turnover (Gross Revenue) | 486 | Total Expenditure | 21993 |
| Profit (+)/(Loss) (-) before tax | (21505) | Profit (+)/(Loss) (-) after tax | (21505) |
| Earning per Share (Rs.) | (-) 1.36 | Dividend Rate % | Nil |
| Refer Note - 16 | | | |

V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

| | |
|----------------------|-----------------|
| Item Code (ITC Code) | Nil |
| Product Description | Sale of Tree |
| Item Code (ITC Code) | Nil |
| Product Description | Interest Income |

For S. Mandal & Co.
Chartered Accountants

(Haran Chandra Dey)
Partner
M. No. 050190

Place : Kolkata
Dated : 3rd September, 2011

For and on behalf of the Board

M. K. Gupta
Chairman

J. K. Srivastava
Director

VEGEPRO FOODS & FEEDS LIMITED

Regd. Office : A/2, Rahiya Industrial Estate, Kalpi Road Dist: Jalaun Orai-285 001, U. P.

ATTENDANCE SLIP

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 23rd Annual General Meeting of the company at Rahiya Industrial Estate, Kalpi Road Dist: Jalaun Orai-285 001, U. P at **10.00 am** on **Friday, the 30th September, 2011**.

Folio No. **No. of Shares :**

.....
Full name of the Member / Authorised Representative (in Block Letters) **Signature**

.....
Full name of the Proxy (in Block Letters) **Signature**

- Notes :** 1 Member/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting.
- 2. Member/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

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VEGEPRO FOODS & FEEDS LIMITED

Regd. Office : A/2, Rahiya Industrial Estate, Kalpi Road Dist: Jalaun Orai-285 001, U. P.

PROXY

Ledger Folio No. : **No. of Shares :**

I / We

of being Member / Members of Vegepro Foods & Feeds Ltd. do hereby appoint

..... of

.....

or failing him/ her of

..... as my/our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 21st Annual General Meeting of the Company, to be held at **10.00 am** on **Friday, the 30th September, 2011** and at any adjournment thereof.

As Witness my / our hand/hands this of2011

Affix
Revenue
Stamp

Signed by the Said

Note : The proxy form must be deposited at the Registered Office or at the Administrative Office of the Company **not less than 48 hours before** the time for holding the Meeting.

