

REPORT OF THE AUDITORS TO THE MEMBERS
OF
M/S. ASIAN VEGPRO INDUSTRIES LTD.

We have audited the attached Balance Sheet of "M/s. ASIAN VEGPRO INDUSTRIES LTD." as at 31st March, 2005 and also the Profit and Loss Account 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 statement 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, evidence supporting the amounts and disclosures in the financial statements. An 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.

We report as follows:

As required by the Companies (Auditor's report) Order, 2003 issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraphs of the said order.

1. We have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appear from our Examination of these books.
3. The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Accounts.

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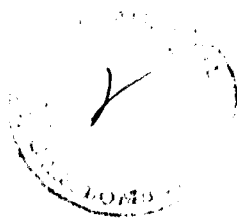
4. In our opinion, the balance sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the Directors as on March 31st, 2005, which have been taken on record by the Board of Directors, we reported that none of the directors is disqualified as on 31st March 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March 2005; and

(b) In the case of the Profit & Loss Account, of the Loss for the year ended 31st March 2005.

Place: - Mumbai

Date: - 25/08/05



J.C. Shah
Chartered Accountant
Director,

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ANILAN VEGPRO INDUSTRIES LIMITED

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RE : M/S. ASIAN VEGPRO INDUSTRIES LTD.

ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2005 REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. According to the information & explanation given to us for our verification, no discrepancies were noticed on such physical verification.

c) The Fixed Assets of the Company have not been revalued during the year.
2. a) The inventories have been physically verified by the management at reasonable intervals during the year.

b) The procedures of physical verification of inventories followed by the management as explained to us are in our opinion reasonable & adequate in relation to the size and nature of its business.

c) According to the records produced to us for verification, no discrepancies noticed on physical verification of inventories
3. a) As per the information & explanation given to us and the record produced to us for our verification, the company has taken unsecured loans covered in register maintained u/s 301 of the Companies Act, 1956. However, the terms & conditions on which the unsecured loans had been taken are not prejudicial to the interest of the company.

b) As per the information & explanation given to us, the loans which are interest free in our opinion not prima facie prejudicial to the interest of the company.

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ASIAN VEGPRO INDUSTRIES LIMITED