

## NOTES ON ACCOUNTS

## NOTE XX

### 1. Significant Accounting Policies

#### (a) Basis of Preparation

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP), applicable Accounting Standards issued by The Institute of Chartered Accountants of India and under the historical cost convention, on accrual basis.

#### (b) Accounting Conventions

The company's working capital has eroded and continuity and sustainability of is questionable. Further the operations of the Company have ceased. The Company in current circumstances cannot be considered as a going concern and hence the account balances have been accounted for near to their realisable values. Provisions have been created for the amounts where recovery or payments are non-recoverable/payable.

#### (c) Use of Estimates

The preparation of Financial statement of the company is in conformity with Indian Generally Accepted Accounting principles require management to make estimates that affect the reported amount of assets and liabilities at the date of the Financial Statement and the reported amounts revenue and expenses, during the reporting period, although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates, which are recognized in the period in which the results are known/materialized.

#### (d) Property Plant and Equipment

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of acquisition is inclusive of taxes, duties, freight and other incidental expenses related to the acquisition and installation of these assets. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

*Depreciation has been provided on STRAIGHT LINE METHOD value basis at the rates specified XIV of The Companies Act, 1956.*

#### (e) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### (f) Inventories

NIL

#### (g) Revenue Recognition

(i) Revenue is recognised on accrual basis. Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership in the goods to the buyer which is generally at the time of dispatch to the customer. Sales are recorded net of returns (if any), trade discounts, rebates, other pricing discounts to trade/consumer and value added tax/sales tax.

Income from services rendered is recognised as the service is performed and is booked based on agreements/ arrangements with the concerned parties.



(h) **Borrowing Cost**

Borrowing costs that are allocated to the acquisition or construction of qualified assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charges to revenue.

(i) **Taxation**

Income tax expense will comprise of current tax and deferred charge or credit.

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

(j) **Provisions, Contingent liabilities and Contingent Assets**

A provision is made based on reliable estimate when it is probable that an outflow or resources embodying economic benefits will be required to settle an obligation.

However The Company is in legal dispute with National Spot Exchange Limited and the matter is under investigation and is sub-judice with various agencies and courts. Further the Company is also under litigation with Punjab National Bank and Punjab State Power Corporation Limited (PSPCL). The details of the cases is provided in Note 9 below.

**2. Contingent Liabilities (to the extent not provided for)**

The Company has estimated contingent liabilities in respect of the show cause notices/demands received from the Government authorities and others in respect of the following:

(Rs in '000)

Particulars	2022-23	2021-22
The Company has filed an appeal with the Commissioner of Income Tax (Appeals) against the order passed by the Assessing Officer dated 31.12.2019 for FY 2011-12. The Company does not believe any material liability devolving on the Company.	9924.43	9924.43
The Penalty proceedings against the order passed by the Assessing Officer against the order are also pending.	12529.85	12529.85
The Penalty proceedings for FY 2014-15 under Section 271(1)(c) and Section 271(1)(b) are pending against the order dated 31.03.2023	889.41	0.00

The Company has given Corporate Guarantee to the tune of Rs.34 Crores to M/s Bharat Food & Agro Products for the credit limits sanctioned by Punjab National Bank.

The Assessment proceedings under the Punjab VAT Act 2005 and Central Sales Tax Act 1956 up till Financial Year 2010-11 have been finalized and no information or orders are available with the Company for the subsequent Financial Years.



**3. Director's Remuneration**

	2022-23	2021-22
i) Salary	0.00	0.00
ii) Sitting fees	0.00	0.00
Total	0.00	0.00

**4. Payment to Auditors:(‘000)**

	2022-23	2021-22
Payments to the auditor as		
a. auditor,	30.00	30.00
b. for taxation matters,	-	-
c. for company law matters,	-	-
d. for management services,	-	-
e. for other services,	-	-
f. for reimbursement of expenses	-	-

**5. Earnings Per Share**

	2022-23	2021-22
Net Profit/(Loss) after Tax(‘000)	-11686.56	-22023.93
Net Profit/(Loss) available to Equity Shareholders(‘000)	-11686.56	-22023.93
Weighted number of equity Shares outstanding during the year.	-11.80	-22.25
Basic and Diluted earnings Per Share (Face Value of Rs 10 each)	-11.80	-22.25



## 6. Ratios

Ratios		Current Year	Previous Year	% Variance from previous year
a.	Current Ratio (in times)	0.0393	0.0394	-0.12%
b.	Debt-equity ratio (in times)	-1.162	-1.181	-1.58%
c.	Debt service coverage ratio (in times)	-	-	-
d.	Return on equity ratio (in %age)	3.99%	7.83%	-49.05%
e.	Inventory turnover ratio (in times)	-	-	-
f.	Trade receivables turnover ratio (in times)	-	-	-
g.	Trade payables turnover ratio (in times)	-	-	-
h.	Net capital turnover ratio (in times)	-	-	-
i.	Net profit ratio (in %age)	-	-	-
j.	Return on capital employed (in %age)	5.38%	13.09%	-58.91%
k.	Return on investment (in %age)			

7. The Company has advanced amount to M/s White Water Hospitality Private Limited (WWHPL) during Financial Year 2012-13. Out of which sum of Rs. 18,00,000 was outstanding as on 31.03.2015. There has been no agreement/arrangement between the parties for charging of interest but interest of Rs. 32,20,052/- has been charged from the party for the period 01.4.2012 to 31.03.2017. The Company has been crediting the amount of Rs. 324,000 as simple interest @18% p.a. on Rs. 18,00,000 but the same is been booked as income. The Company has filed a case with NCLT for the recovery of the amount along with the simple interest @18% p.a. from WWHPL and the Resolution Professional (RP) has been appointed in the case.
8. The company is in legal dispute with National Spot Exchange Limited and the matter is under investigation and is sub-judice with various agencies and courts.
9. The following is the details of the legal disputes pending against the company as on 31.03.2023

S.no.	Particulars	Claim Lodged			
1.	PSPCL Vs VIR Foods Limited (CS-122-2019) the case is still pending. The Company has booked an outstanding liability against the electricity bill at Rs. 7,35,735 but as per the claim	Rs. 8,98,048/- i.e. 13,26,924.00 Less: Electricity Security 4,28,876			



	<p>lodged by the department the amount due has been taken as Rs. 13,26,924/- i.e. there is excess claim of Rs. 5,91,189/- by the department. Further the electricity security given by the Company to PSPCL is Rs. 7,84,626 whereas as by the claim lodged by Electricity Department the amount of electricity security is Rs. 4,28,876 i.e. the amount of electricity security has been booked in excess to the extent of Rs. 3,55,750/-. The consolidated difference in claim of the Company and PSPCL is Rs. 9,46,939. Since, no documents and details have been filed by PSPCL we has not created any provision/liability for the same.</p>				
2.	<p>The legal proceedings have been initiated against the company and its Directors under Section 138 of the Negotiable Instruments Act by following persons Balwant Singh Gurpartap Singh, P.S. Maninder Singh Commission Agent and Mohinder Singh and Sons before Judicial Magistrate Ist Class Patti vide Appeal No. NACT- 6817/2017, NACT 403/2017 and 404/2017 respectively.</p>				
3.	<p>The ex-parte decree order has been issued by the DRT-III Chandigarh in OA 417/2018 vide order dated 17.08.2019 for recovery of amount of Rs. 31,76, 82,707 with costs, current and future simple interest @9.55% p.a. from 29.12.2017. The recall application was filed by the Company against the order of the DRT in RC No. 1041 of 2019. The Company has also filed a case in the Distt Courts Ludhiana against Punjab National Bank in CMA 60-2022 (IA/1/2022)</p>	3176,82,707 plus simple interest @9.55% p.a. and costs			
3.	<p>The Company is a party to the legal dispute of White Water</p>				



	Foods Pvt Ltd with NSEL which is pending before various forums and courts. In the case decree has been issued in favour of White Water Foods Pvt Limited against White Water Foods Pvt Ltd in Suit No 173 of 2014 for Rs. 84,81,93,196 along with interest @9% from the date of accrual of action/default. The properties of VIR Foods Limited are also attached under MPID Act				
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9. The Company had availed fund based limits from Punjab National Bank and the account of the Company was restructured on 29.06.2015. The account was declared as Non Performing Asset on 17.05.2017. The decree has been issued by the Debt Recovery Tribunal in favour of the Bank vide its order dated 23.07.2018 for Rs. 31,76,82,707 with costs, present and future along with simple interest @9.55% p.a. from 29.12.2017. The Company has filed an application for recalls of the order vide RC-1041-2019 which is pending.

#### 10. Expenditure in Foreign currency

The Company has not made any expenditure in foreign currencies during the financial year.

#### 11. Revenue in Foreign Currency

The Company has not made any earning in foreign currencies during the financial year.

12. In the opinion of the Board, all assets other than fixed assets and non-current investments have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.

#### 13. Segment Reporting:

Segment information as required by Accounting Standard (AS 17) on Segment Reporting issued by the Institute of Chartered Accountants Of India and as complied on the basis of financial statement is disclosed below.

The company operates only in one business segment viz Rice Shelter and hence no separate information for segment wise disclosure is required. However Segment based on Geographic is given below:

##### Geographical Segment

Geographical Segment based on location of customers and comprise of one segment namely domestic market

#### 14. Related Party Disclosure

As per Accounting Standard 18, the disclosure of transactions with the related parties are given in Annexure I attached.




15. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to unpaid as at the year end together with interest paid/ payable as required under the Act have not been given.

16. Previous year figures have been regrouped or rearranged whenever necessary. Accordingly, amount and other disclosures for the previous period are included as an integral part of the current's year financial statements, to be read in relation to the amount and other disclosures relating to the current year

For V.I.R. FOODS LIMITED

KAMAL KANT DEWAN  
(Director)

  
MOHIT DEWAN  
(Director)

Place : CHANDIGARH  
Date: 22-09-2023

For RAV & Associates  
Chartered Accountants  
FRN-021000N

  
RUPALI GOYAL  
(PARTNER)



M. NO.- 504847

UDIN : 23504847BQVJOW7033

## NOTES ON ACCOUNTS

Annexure I

### Related party disclosure as per Accounting Standard 18- 'Related parties':

#### A. Key Management Personnel

KAMALKANT DEWAN                      Director  
MOHIT DEWAN                              Director  
GAZAL UPVEJA                              Director

#### B. Entities Under Common Control

BHARAT FOODS & AGRO PRODUCTS  
DEWAN HOLDING PRIVATE LIMITED

S.No	Nature Of Transaction	2022-23 ('000) Amount in Rs.	2021-22('000) Amount in Rs.
<b>1.</b>	<b>Balance as at 31<sup>ST</sup> March</b>		
	Kamal Kant Dewan (Cr.)	11172.707	11172.707
	Bharat Food and Agro Products(Dr.)	5213.78	5213.78
	Dewan holding Privated Limited	700.00	700.00

