

TARAI FOODS LIMITED



Tarai

23rd ANNUAL REPORT 2012-2013

Tarai Foods Limited

TARAI FOODS LIMITED

Board of Directors

Mr. Gurprit Singh Sandhu
Mrs. Kiran Sandhu
Dr. R.P. Singh
Mr. Vijay Jolly
Mr. M.S. Garewal

(Managing Director)
(Director)
(Executive whole time Director)
(Director)
(Director)

Audit Committee, Investors Grievances Committee & Remuneration & Recruitment Committee

Dr. R.P. Singh
Mrs Kiran Sandhu
Mr. Vijay Jolly

Auditors

Rattan Anil & Co.
A-90, Gali No.6, 1st Floor,
Madhu Vihar Market,
Patparganj Bus Depot,
Delhi

Bankers

Axis Bank Ltd.
B-6, Lajpat Nagar-II,
New Delhi-110024

Regd. Office

13, Hanuman Road,
Connaught Place
New Delhi-110001

Head Office : (Plant)

Village Fazilpur Meharola
Tehsil Kiccha
Rudrapur
Distt. Udham Singh Nagar,
Uttarakhand

Share Transfer Agent

Beetal Financial & Computer Services (P) Ltd.
99, Madangir, Beetal House
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi-110062
Tel.: 29961281/2

ISIN No.

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Tarai Foods Limited

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Tarai Foods Limited will be held on Monday, the 30th day of September, 2013 at 09.30 A.M at Elcina House, 422, Okhla Industrial Estate, Phase-III, New Delhi- 110020 to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Jolly, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. RATTAN ANIL & CO, Chartered Accountants, A-90, Gali No. 6, 1st Floor, Madhu Vihar Market, Patpar Ganj Bus Depot., New Delhi, Chartered Accountants, the retiring Statutory Auditors of the Company be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

AS SPECIAL BUSINESS:

4. **Appointment of Mr. Melvinder Singh Garewal as Director of the Company:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 (including any statutory modification (s)/ or re-enactment there of for the time being in force), Mr. Melvinder Singh Garewal, who was appointed as an additional director of the Company by the Board of Directors of the Company on 13th March, 2013 and who shall hold the office upto the date of this Annual General Meeting be and is hereby appointed as Director of the Company."

5. **Appointment of Mr. Ram Pyare Singh as Whole Time Executive Director of the Company.**

To consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 269, 198(4) 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act 1956, and as per the Articles of Association of the Company, approval of the Members be and is hereby accorded for the appointment of Mr. Ram Pyare Singh as Whole Time Executive Director of the Company for a period of three(3) years with effect from 1st July 2013 to 30th June, 2015, on a monthly consolidated salary of Rs. 36,000/- (Rupees Thirty Six Thousand only)."

6. **Re-appointment of Mr. Gurprit Singh Sandhu as the Managing Director of the Company:**

To consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 316 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, including any statutory modification and re-enactment thereof for the time being in force, and as per the Articles of Association of the Company the approval of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Gurprit Singh Sandhu as the Managing Director of the Company for a further period of 5 years without salary with effect from 26th June, 2013."

Place: Rudrapur
Date: 26th August, 2013

By order of the Board
For Tarai Foods Limited

Sd/-
Dr. R.P. Singh
Executive Whole Time Director
DIN: 03615102

Tarai Foods Limited

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER PROXIES. IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2013 to 30th September, 2013 (both days inclusive).
3. Members seeking further information about the accounts are requested to write atleast 10 days before the date of meeting so that it may be convenient to get the information ready at the meeting.
4. Members/ Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. As per amended provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of shares held by them. Nomination forms can be obtained from registrar of the Company.
6. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.
7. The Shareholders are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Accounts of the Company as required vide circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by Ministry of Corporate Affairs.
8. No gifts shall be distributed at the annual General Meeting of the Company.
9. Pursuant to Clause 49 of the Listing Agreement entered with the Stock Exchange, following information is furnished about the directors proposed to be appointed/ re-appointed:
 - a. **Brief profile of Mr. Vijay Jolly, Director, recommended for reappointment:**
Mr. Jolly is a retired Naval Officer from the Executive Branch of Indian Navy. He has rich experience in running Holiday Resort and is associated with various projects in the field of Electronics.
 - b. **Brief profile of Mr. Melvinder Singh Garewal, Director, recommended for appointment:**
He is retired Wing Commandor- Air Force and has rich experience in farming.
 - c. **Brief profile of Mr. Ram Pyare Singh, Director, recommended for appointment as Executive Whole Time Director.**
Mr. R.P. Singh has been involved with Mushroom Research and Development since last 38 years (Assistant Professor, Professor, Joint Director , Director and Professor Emeritus; 1972-2010). He has initiated and established Mushroom Research and Training Centre at the G.B. Pant University of Agriculture and Technology, Pantnagar Uttarakhand, India. His achievements on edible and medicinal mushrooms includes development of technology for the production of button mushroom(*Agaricus bispours*), Oyster mushroom (*Pleurotus spp.*) and medicinal mushrooms (*Ganoderma lucidum*, *Lentinula edodes*, and *Cordyceps sinensis*). He attended and presented papers in 25 National and several International conferences in Sydney, Australia 1981; Maastricht, Netherlands 2000; Nantong, China 2009 and Xining China 2010. He worked as advisor to Govt. of Uttarakhand on mushroom production from 2002 to 2003 and he worked as University's consultant to various Industrial Projects of Mushrooms in India and abroad too to the world's largest mushroom growing and marketing company, Hughes Mushrooms, Northern Ireland.
 - d. **Brief profile of Mr. Gurprit Singh Sandhu, Managing Director, recommended for re- appointment.**
Mr. Gurprit Singh Sandhu, aged 67 years has vast experience in the food business and is actively engaged in the food processing business for more than 25 years. He has been associated with the development of agricultural techniques and has to his credit the experience and knowledge about mechanized farming and development of new varieties in regard to agricultural produce.
He is also on the Board of Tarai Farmlands Pvt. Ltd. and Suraiya Exports Pvt. Ltd.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4:

The Board of directors of the company had on 13th March, 2013 approved the appointment of Mr. Melvinder Singh Garewal, as an additional director of the company pursuant to the provision of section 260 of the Companies Act 1956. In connection with the appointment of Mr. Melvinder Singh Garewal, as an additional Director of the company, there is a need to comply with the provisions of the provision of section 260 of the companies act, 1956, which allows the additional director to hold office upto office the date of this Annual General meeting of the company and are eligible for appointment as Director of the Company.

Tarai Foods Limited

The board considers it desirable that the Company should continue to avail his valuable services and recommends his appointment as Director of the Company

Mr. Melvinder Singh Garewal, director is interested in the said resolution of his appointment as Director of the Company.

The Board recommends the approval of the said resolution by the Shareholders of the Company.

ITEM NO. 5:

The Board of directors of the Company had in their meeting held on 25th June, 2013 approved the appointment of Mr. Ram Pyare Singh, as an Executive Whole Time Director of the company pursuant to the provisions of Section 269, 198(4) 309, 310 and other applicable provisions, of the Companies Act, 1956 read with Schedule XIII of the Companies Act 1956, and also on the basis of the recommendation of the audit committee of the Company. Accordingly, Mr. Ram Pyare Singh, was appointed as an Executive Whole Time Director as per the terms and conditions of the Board Resolution dated 25th June, 2013, subject to the approval of the Members in the General Meeting.

Mr. Ram Pyare Singh, Director, himself is interested in the said resolution of his appointment as Director of the Company.

The Board recommends the approval of the said resolution by the Shareholders of the Company.

ITEM NO. 6:

The Board of directors of the Company had in their meeting held on 25th June, 2013 approved the re-appointment of Mr. Gurprit Singh Sandhu, as the Managing Director of the Company pursuant to the provisions of Section 198, 269, 309, 310, 316 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, and as per the Articles of Association of the Company.

Accordingly, Mr. Gurprit Singh Sandhu, was re - appointed as the Managing Director as per the terms and conditions of the Board Resolution dated 25th June, 2013, subject to the approval of the Members in the General Meeting.

None of the Directors except Mr. Gurprit Singh Sandhu is interested in proposed resolution. However, Mrs. Kiran Sandhu, Director of the Company being related to him may also be deemed to be interested in the proposed reappointment.

The Board recommends the approval of the said resolution by the Shareholders of the Company.

**By order of the Board
For Tarai Foods Limited**

Place: Rudrapur

Date : 26th August, 2013

Sd/-
Dr. R.P. Singh
Executive Whole Time Director
DIN: 03615102

DIRECTORS' REPORT

Dear Members,

Your Directors present the 23rd Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2013.

Financial Results

Particulars	For the period ended 31-03-2013	For the period ended 31-03-2012
Gross Revenue	168	143
Operating Profit before Interest, Financial Charges and Depreciation	20	(45)
Less: Interest and Finance Charges	0.17	0.14
Profit/(Loss) before Depreciation	20	(45)
Less: Depreciation	55	55
Profit/(Loss) for the year	(35)	(100)
Extra Ordinary Items	598	--
Net Profit/(Loss) for the year	564	(100)
Less: Provision for Tax	--	--
Net Profit/(Loss) after Taxation	564	(100)

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The company has made a net profit (after the extra ordinary items) of Rs. 564 Lacs as compared to a loss of Rs. 100 Lacs during the previous year. Also, the gross revenue of the Company has increased to Rs. 168 Lacs as compared to Rs. 143 Lacs in the previous year.

The Extra Ordinary items consisted of Liability of Rs. 1 cr., no longer payable along with provision of Interest of Rs. 4,99,10,283/- not payable on the working capital facilities from State Bank of Travancore written off on full and final settlement of the loan amount.

In the year under review, the company has diversified into Mushroom growing in artificially controlled temperature setting. This year the company has processed 327 tonnes of Frozen Peas, processed small quantities of Frozen sweet corn to cater to the Institutional Market. Your Directors are hopeful of expanding the Mushroom capacities in near future to nearly 1 ton a day and also capture the mushroom market in a big way.

MANAGEMENT DISCUSSION & ANALYSIS REPORT, REVIEW OF OPERATIONS DURING THE YEAR & FUTURE PLANS

I. Industry structure and developments.

Indian food processing industry is widely recognized as a sunrise industry, having huge potential for uplifting agricultural economy, creating of large scale processed food manufacturing and food chain facilities and the resultant generation of employment and export earnings. Indian food industry is expected to grow to US\$ 280 billion by 2015 and generate an additional employment for approximately 8.2 million people. Also, food consumption in India is estimated to grow at a CAGR of 5.32% by 2013. Further, it is expected that processed food output will grow at a strong 7% CAGR in terms of value from US\$ 55.6 billion in 2005 to US\$ 95.6 billion in 2013.

Mushroom farming is practiced in more than 100 countries and its production is increasing at an annual rate of 6-7% presently. World production of mushroom is over 25 million tons as per claims of Chinese Association of edible mushrooms. Indoor cultivation of mushrooms utilizes the vertical space and is regarded as the highest protein producer per unit area and time – almost 100 times more than the conventional agriculture and animal husbandry. This high tech horticulture venture has a promising scope to meet the food shortages without undue pressure on land. In India, mushroom production shot up from near 5000 tons in 1992 over 1 lac tons in 2010. India produces about 600 million tons of agricultural waste annually and a major part of it are left out to decompose naturally for burnt in situ. This can effectively be utilized to produce highly nutritive food unlike mushrooms and spent mushroom substrate can be converted into organic manure for field crops. Mushroom growing is highly labour oriented venture and two factors, i.e., availabilities of raw material and labour make mushroom growing economically profitable in India.

On the export front also, for the first time during 1994 India not only figured in the US imports but emerged as the 11th largest exporter of the canned mushrooms replacing Taiwan. Now a few commercial mushroom units are exporting canned mushrooms to the Americans, European and other countries regularly

ii. Opportunities and Threats.

Opportunities

Foods and vegetables - fast growing sector

Fruits and vegetables are one of the most important and fast growing sub-sectors of the food processing industry. Over the last few years, there has been a positive growth in ready-to-serve beverages, fruit juices and pulps, dehydrated and frozen fruits and vegetable products, tomato products, pickles, convenience veg spice pastes, processed mushrooms and curried vegetables. The demand has increased because of the factors like consumption by nuclear families, working women, students and single employees staying alone. There are abundant opportunities in expanding the export market because of good international demand for certain fruits and vegetable products. The Indian food processing industry is primarily export oriented. India's geographical situation gives it the unique advantage of connectivity to Europe, the Middle East, Japan, Singapore, Thailand, Malaysia and Korea.

Macro-economic as well as industry specific (FMCG and Packaged Food) indications point to enduring buoyancy in the domestic market, while the international geographies in which your Company operates are likely to be stable as well.

Changing demographics (young, higher disposable income, experimental, urbanization, willingness to spend) further fuelled by trends like a greater awareness of health and nutrition on one hand and more hedonism (especially the new 'affluent' generation) is rapidly enlarging the opportunity.

Mushrooms:

Development trends of Mushroom industry is based on the increasing consumer consciousness and demand for nutritious quality and organic products in domestic and international market. Increasing interest in protection of environment from the industrial pollution and environment friendly progress in mushroom production and processing technologies resulting in tremendous growth in the productivity and production of mushrooms.

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Strength:-

Mushrooms are grown seasonally as well as state-of-art environment controlled Crop room in the commercial units. It is highly labour oriented venture and labour availability is no constraint in the vicinity of Tarai Foods and two factors that is availabilities of raw materials and labour make mushroom growing economically profitable in this region. Moreover, Tarai foods Ltd. Rudrapur is located in the bowl of raw materials like Wheat Straw, Sugar cane Bagasse & Chicken Manure required for composting. Besides, the moderate climate of the Tarai region is well suited to mushroom production as temperature does not as high as other parts of the country.

Awareness about food and medicinal values of mushrooms increasing quantitative use of mushrooms in the country thus creating better market for a product like fresh and processed mushrooms. There is increasing market for post harvest products like pickles or soup powder of mushrooms.

Threats

- **Uncontrolled price structure**

When there is a glut in the market, the price of certain food items falls down considerably but as the demand increases or there is shortage of those food items in the market the price rises up with a vast variation. Thus there is always an uncertainty in market prices of most of the food items which reduces the amount of net profit and this discourages the manufacturers/ producers of these food items. This problem gets aggravated during peak production months, also because there is no minimum support price from the Govt.

- **High transportation charges:**

Although, agro and animal wastes are available in plenty in India but their availability are not evenly distributed. Due to diversified climate and topography of land, different kinds of crops are raised in different parts of the Country and production/ manufacture have to pay heavy transport charges. The hike in diesel/petrol prices from time to time aggravates this problem.

- **Commercial rate of electricity tariff:**

Similarly, both small and big production/ manufacture have to pay electricity charges at commercial rate, although mushroom farming is an agricultural activity. It has been highlighted by the concerned scientific community during scientific gatherings, seminars, meetings etc. many times, but no relief has been given. This has led to high cost of production due to increased capital as well as recurring expenditure on production/ manufacturing affecting its competitiveness in world markets.

- Competition: eg -Availability of canned chinese mushroom at lower price.
- High cost of energy tariff for year round production though the mushrooms have been included as one of the agricultural crops.
- Unorganized production and sale particularly by seasonal farmers resulting in glut in market during winter months. This results in price cut in the period.
- Lack of modern facilities to produce quality compost, casing material spawn and processed products. TFL is going to improve its facilities in this regard.

To address these risks, the Company has a single point source supplier of Frozen/IQF (Individually Quick Frozen products to the customers as per their requirements with high quality products at a lower cost. Though the competition is fierce, the goodwill and the quality of the products offered by the Company are great plus factors and the Company expects to overcome the competition. The Company had expanded its product line both horizontally as well as vertically.

iii. Product-wise performance.

Processed Foods

- Fresh Mushrooms
- Frozen Sweet Corn
- Frozen Peas

Mushroom Spawn

Product-wise performance Sale of Finished Goods

Description	Current Year		Previous Year	
	Qty. (in MTs)	Value (in Rs. In lacs)	Qty. (in MTs)	Value (in Rs. In Lacs)
Fresh Mushrooms	115	116.30	118	112.76
Frozen Sweet Corn	15	6.19	11	5.18
Frozen Peas	86	31.83	20	3.26
Mushroom Spawn	15	11.20	4	3.00

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The company has completely diversified in Mushroom growing in artificially controlled temperature setting. It has been successful in creating capacities of ½ ton a day for Mushroom and is hopeful of expanding it to 1 ton a day in near future.

The overall current year's production and realizations in Frozen Vegetable category are low compared to the previous year, but this is a temporary phase caused by adverse liquidity condition and the Company hopes to overcome these in the current year's working and continue with the increasing trends.

iv. Outlook

Food Processing Industry is of enormous significance for India's development because of the vital linkages and synergies that it promotes between the two pillars of the economy, namely Industry and Agriculture. The growth potential of this sector is enormous and it is expected that the food production will double in the next 5 years and the consumption of value added food products will also grow at a fast pace. This growth of the Food Processing Industry will be of immense benefits to the economy, raising agricultural yields, meeting productivity, creating employment and raising the standard of very large number of people throughout the Country, specially, in the rural areas. Economic liberalization and rising consumer prosperity is opening up new opportunities for diversification in food processing sector.

The nature of the Indian food processing market and the experiences of successful Indian and MNC players indicate that this sector will grow substantially in future because of the following reasons :

1. Effective distribution network and supply chain
2. Product range that is customized to suit local market requirements.
3. Superior processing technology
4. Brand building and marketing

Management is consistently keeping close watch on the changing market scenario and the business strategy is reviewed regularly for achieving a consistent growth by meeting the tough international competition successfully.

v. Risks and concerns.

Every business has inherent risks involved in its operations, which may be either external or internal. The external factors are market competition, availability of cheaper substitute products, Government policies regarding power tariffs and ongoing political and economic changes in the importing Country. The Company may not have much control over such factors; however it is important to address these risks & concerns to mitigate their overall impact on the business. Formal risk assessment and Management approach along with the regular monitoring mechanism in the Company ensures that these risks are duly addressed and well managed. High focus on safety of plant, its premises and people continuity and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

vi. Internal control systems and their adequacy.

The Company has an adequate system of internal controls to ensure that all activities are monitored and controlled as well as transactions are authorized, recorded and reported correctly. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines, which are supplemented by internal audit regularly.

The Audit Committee of the Board meets on quarterly basis and reviews the internal control systems as well as financial statements.

vii. Discussion on financial performance with respect to operational performance.

The Company has diversified its operations into Mushroom growing in artificially controlled temperature setting and offers a wide range Frozen and IQF (Individually Quick Frozen) product range of peas, fruits/ vegetables as per the requirements of the customers, meeting strict quality & hygiene standards. Canned peas in various shapes and sizes are also available as per the customer requirement. The Company is a single point source of supplier of Frozen, IQF, products to the customers as per their requirements.

viii. Material developments in Human Resources / Industrial Relations front, including number of people employed.

The Company lays due emphasis on sound Human Resource Management practices and appraisal systems with focus on cordial employee relations to ensure higher level of productivity and operational efficiency. Adequate efforts have been made to strengthen and develop its human resources as a key strength through continuous training inputs and focused development plan. As on 31st March 2013, the total numbers of permanent employees in the Company were 15.

The belief that 'great people create great organizations' has been at the core of the Company's approach to its people. We continued to make significant investments for training in the areas of marketing excellence, customer service and building capabilities for organized retail trade.

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STATUS OF MAJOR LITIGATION:

During the year under review, IFCL Ltd. has served a notice dtd 15th February, 2013 through their advocates u/s 433 (e) and 434 of the Companies Act, 1956 for winding up of the company.

DIVIDEND

No dividend is recommended for declaration for the year ended 31st March, 2013.

AUDITORS

M/s. Rattan Anil & Co, Chartered Accountants, A-90, Gali No. 6, 1st Floor, Madhu Vihar Market, Patparganj Bus Depot., Delhi, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment.

The Company has received a Certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with the provisions of Section 224(1-B) of the Companies Act, 1956.

DIRECTORS COMMENT ON AUDITOR'S QUALIFICATION

Point 3 (1) read with Clause 14 on Note 22: The company has been repairing the plant on regular basis depending on the liquidity position as per the need of the hour. Extensive repairs are made to the plant and plant & machineries every year. The company has also filed a case with the High Court on Insurance Company towards this claim.

Point 3 (2) read with Clause 11 on Note 22: The company had entered into settlement with secured lenders and part payments have already been made to these lenders as per the terms of the settlement in the earlier years. Although all the secured lenders have already revoked the sanctioned Settlement. But the company has approached them again and is hopeful to clear the default as per the negotiated settlement. As per the discussions on the settlements, the interest are not payable to them on the original liability and Current provision of Interest due to the secured lenders along with Principal amount due to them at Rs. 4,26,314,829/- (after taking into consideration the payment made towards the negotiated settlement) as per Books of Accounts is more than the settlement amount discussed with these lenders and in view of this, there is no fresh provision of interest made for the year under review in the Books of Accounts. Complete details have been provided in the clause 11 on note 22 which is self explanatory.

Point 4 read with Clause 11 on Note 22: The company has approached the secured lenders for resettlement and payment of Rs. 2,05,70,000/- was made in earlier years to these secured lenders towards the negotiated settlement which stand revoked as on date. On fully settling the dues of the secured lenders as per the settlement, the company will be able to come out of the negative networth and also revive its operations fully. The company has also diversified in the field of Mushroom growing in artificially controlled temperature and is hopeful of revival of its operations fully.

Point No. 9 to the Annexure to the Auditor's Report:

The company has defaulted in depositing the dues with the Provident Fund Authorities due to the adverse financial condition but it has approached the Provident Fund Authorities to work out the plans so that the payments can be made to them in installments. It has already started making the payment to clear the Provident Fund dues. The company is hopeful to clear the entire dues in the near future.

The company has outstanding dues of around Rs. 10.56 lacs towards the sales tax liabilities, out of which sales tax demand of Rs. 7.30 lacs has been raised on account of late issue of Form F by the VAT Authorities at the branch. The company has taken up the steps to approach the relevant Authorities for cancellation of this demand. Rest of the Sales Tax demand of Rs. 3.26 has not been paid due to adverse liquidity position. The company is hopeful to clear the dues soon.

Other points are self explanatory as given in various clauses on Note 22.

Cost Auditors: The Board of Directors of the Company have appointed M/s V.K. Dubey & Company, Cost Accountants, holding valid certificate of practice no. 00343 as the Cost Auditor for conducting the Cost Audit of the Company for the financial year 2013-14. The Audit Committee of the company have recommended for their appointment in accordance with Cost Audit Rules 2011 and relevant notification issued by the Ministry of Corporate Affairs.

DIRECTORS

Mr. Ram Pyare Singh who was appointed an additional director of the Company w.e.f 10th April, 2012 was regularized as Director in the Annual General Meeting held on 29th September, 2012 and was further appointed as Whole Time Director w.e.f. 1st July, 2013.

Mr. Melvinder Singh Garewal who was appointed as an Additional Director of the Company w.e.f. 13th March, 2013 and is proposed to be regularized in the ensuing Annual General Meeting.

Mr. G.S. Sandhu was re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 26th June, 2013.

Mr. Vijay Jolly, who has been appointed as Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

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FIXED DEPOSITS

The Company has not accepted any fixed deposits in terms of Section 58A of the Companies Act, 1956.

BUY BACK OF SHARES:

The Company has not made any offer of Buy Back of its shares.

EMPLOYEES

There are no employees whose particulars have to be submitted in accordance with provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

STOCK EXCHANGE LISTING

The shares of your Company are presently listed at The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. The Company has paid the up-to-date listing fee to the Mumbai Stock Exchange.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

The details of conservation of energy, technology absorption & foreign exchange earning & outgo of the Company were given as per Annexure 1 to this report:

CORPORATE GOVERNANCE

A Comprehensive report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Your Company has obtained a certificate from the Statutory Auditor regarding the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SEC. 217(2AA)

Your Directors hereby state that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. Such accounting policies had been selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the profit or loss of the Company at the end of the financial year and of the profit or loss of the company for the that period;
3. Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The annual accounts had been prepared on a going concern basis.

APPRECIATION

We wish to convey our sincere thanks to the Shareholders and various agencies of the Central Government, State Governments, Financial Institutions, Company's Banker and Business Associates for their continued cooperation extended to the Company. We also wish to record our deep appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board of Directors

Sd/-

Dr. R.P. Singh

Executive

Whole Time Director

DIN: 03615102

Sd/-

Vijay Jolly

Director

DIN: 00080354

Place: Rudrapur

Date: 26th August, 2013

Annexure-1 Conservation of Energy: FORM A

A. Power and Fuel Consumption:

1. Electricity	Year ended 31 st March, 2013	Year ended 31 st March, 2012
(a) Purchased		
Units	13,19,560	1,18,2630
Total Amount	63,06,741	5,61,2112
Rate/unit	4.78	4.75
Own Generation		
(i) Through diesel generator		
Units generated	45,000	60,000
Units per ltr. of Diesel Oil	3.75	3
Cost/units	13.40	14.22