

TARAI FOODS LIMITED

Regd. Office :

13, Hanuman Road, Connaught Place,
New Delhi-110001 Tel.: 0120-2485183

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CIN No. : L15142DL1990PLC039291



Tarai

25th
ANNUAL REPORT
2014 - 2015

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 Mr. Hakam Singh	(Managing Director) (Director) (Executive whole time Director) (Director) (Director) (Director)
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Audit Committee, Nomination & Remuneration Committee Stakeholder Relationship Committee	Mrs Kiran Sandhu Mr. Vijay Jolly Mr. M.S. Garewal Mr. Hakam Singh
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Auditors	Rattan Anil & Co. A-90, Gali No.6, 1st Floor, Madhu Vihar Market, Patparganj Bus Depot, Delhi
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Bankers	Axis Bank Ltd. B-6, Lajpat Nagar-II, New Delhi-110024
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Regd. Office	13, Hanuman Road, Connaught Place New Delhi-110001 Tel.: 0120-2485183
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Head Office : (Plant)	Village Fazilpur Meharola Rudrapur Distt. Udham Singh Nagar, Uttarakhand
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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
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ISIN No.	INE906C01016
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INDEX

Contents.....	Page No.
Directors Report.....	7
Auditors Report.....	17
Balance Sheet	20
Profit & Loss Statement	21
Cash Flow Statement.....	29
Note '1' to '22'	21-28

Tarai Foods Limited

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 25th Annual Report, together with the audited statement of accounts of the Company for the year ended 31st March, 2015.

1. Statement of Company Affairs:

a. Financial Results & Performance:

The performance of the Company for the financial year ended 31st March, 2015 is summarized below:

Particulars	Financial Year ended 31 st March, 2015 (Rs. In lacs)	Financial Year ended 31 st March, 2014 (Rs. In lacs)
Gross Revenue	211	196
Operating Profit before Interest, Financial Charges and Depreciation	(13)	(6)
Less: Interest and Finance Charges	0.07	0.10
Profit/(Loss) before Depreciation	(13)	(6)
Less: Depreciation	49	51
Profit/(Loss) for the year	(62)	(57)
Exceptional Items	(10)	0.00
Net Profit/(Loss) for the year	(72)	(57)
Less: Provision for Tax	0.00	0.00
Extra Ordinary Income (net of tax expense)	1084	0.00
Net Profit/(Loss) after Taxation	1012	(57)

The Company was in its Twenty Fifth year of operations. During the period under review, the Company recorded an increase in the Gross revenue from Rs. 196 Lacs to Rs. 210 Lacs. However, the losses before the exceptional and extra-ordinary items increased from 57.21 lacs to 61.69 lacs. The directors are hopeful of better performance in the next year.

Transfer to Reserves:

The company has not transferred any amount to Reserves of the Company during the financial year under review.

Dividend:

No dividend is recommended on the equity shares of the Company for the year ended 31st March, 2015 as the financial position of the company does not allow it to do so.

Material changes and commitments subsequent to the Balance sheet:

Dr. Ram pyare Singh was re-appointed as Whole time Director of the Company for a period of 5 years w.e.f. 1st July, 2015. His appointment is subject to approval by the members in the ensuing Annual General Meeting of the Company except this there was no changes occurred in the Company subsequent to the closing of financial year till the signing of the Board's report.

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.

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.

Tarai Foods Limited

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.

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 alike 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) Segment wise & Product-wise performance:

The Company operates in a single segment. The product wise performance is as under:

Processed Foods

- **Fresh Mushrooms**
- **Frozen Peas**
- **Mushroom Spawn**
- **Frozen sweet corn**

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 Mush rooms	153.65	177.77	88.32	96.91
Frozen Peas	61.27	19.01	230.12	82.66
Frozen sweet corn	10.63	04.79	15.38	07.04
Mushroom Spawn	8.73	05.45	5	04.06

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 has increased. The Company hopes to 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

Tarai Foods Limited

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 2015, the total numbers of permanent employees in the Company were 13.

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.

b. Key Changes during the year:

1. Changes in the Nature of business: NIL
2. Changes during the year in Directors and KMP:

Dr. Ram pyare Singh was appointed as Chief Financial Officer of the Company w.e.f. 30th May, 2014 and Mr. Gurprit Singh Sandhu, Managing Director was re-designated as Key Managerial Personnel of the Company w.e.f. 14th February, 2015.

In accordance with the provisions of Section 152 of the Companies Act, 2013 Mr. Gurprit Singh Sandhu, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for the re-appointment.

3. Changes in the Subsidiaries, Joint Venture and Associate Company: The Company did not make any subsidiaries, Joint Ventures and Associate Company during the financial year under review.
4. Details of the order passed by the Regulators/ Courts/ Tribunals: No order has been passed by the regulators, courts or tribunals impacting the going concern status and company's operation in future.

2. Directors:

The Board of Directors of the Company is duly constituted. During the year under review no director resigned from the directorship of the Company.

a. Composition and Meetings of the Board:

The Board Comprises of Mr. G.S Sandhu, Ms. Kiran Sandhu, Mr. Ram Pyare Singh, Mr. Vijay Jolly, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as on 31st March, 2015. The Board of Directors duly met Five times on 30/05/2014, 14/08/2014, 14/11/2014, 14/02/2015 and 02/03/2015 in respect of which meetings proper notices were given and the proceedings were properly recorded. The details of the directors who attended the meetings are given separately in the Corporate Governance report annexed separately. The Board has adopted all the recommendations of Audit Committee.

b. Composition and Meeting of Audit Committee:

The Audit Committee is duly constituted. The Audit Committee comprises of Mr. Vijay Jolly, Ms. Kiran Sandhu, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as the members of the Committee. The Audit Committee duly met Four (4) times on 30/05/2014, 14/08/2014, 14/11/2014 and 14/02/2015 during the financial year. The details of the Members who attended the meetings are given separately in the Corporate Governance report annexed separately.

c. Composition and Meeting of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of Mr. Vijay Jolly, Ms. Kiran Sandhu, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as the members of the Committee. The Nomination and Remuneration Committee duly met twice (2) on 30/05/2014 and 14/08/2014 during the financial year. The details of the Members who attended the meetings are given separately in the Corporate Governance report annexed separately.

Tarai Foods Limited

d. Composition and meeting of Stakeholders Relationship Committee:

The Stakeholders Relationship Committee comprises of Mr. Vijay Jolly, Ms. Kiran Sandhu, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as the members of the Committee. The Stakeholders Relationship Committee duly met once on 14/08/2014 during the financial year. The details of the Members who attended the meetings are given separately in the Corporate Governance report annexed separately.

e. Declaration by Independent Directors and their meeting:

The Company has received the requisite declarations under section 149(7) of the Companies Act, 2013 from each of the Independent directors at the time of their appointment stating that they meet the criteria of independence as mentioned under Section 149(6) of the Act.

During the year under review, the Independent Directors of the Company met once on 14th August, 2014.

Training of Independent Directors:

The Company had provided suitable training to all the independent directors of the Company to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

f. Policy on Director's appointment and remuneration:

The current policy is to have an appropriate mix of executive & non-executive and independent directors to maintain the independence of the board and separate its functions of governance and management. The policy of the Company on Directors appointment and remuneration including the criteria for determining the qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013 is as per the terms laid down in the Nomination & Remuneration policy of the Company. The Nomination & remuneration Policy of the Company is annexed as **Annexure-1**.

3. Auditors:

a. Statutory Audit: M/s Rattan Anil & Co., Chartered Accountants,, A-90, Gali No. 6, 1st Floor, Madhu Vihar Market, Patparganj Bus Depot., Delhi, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment as Statutory Auditors of the Company to hold from the conclusion of 25th Annual General Meeting until the conclusion of 31st Annual General Meeting of the Company. The Company has also received the written consent of the auditor and a certificate from them to the effect that their appointment, if made, would be in accordance with the provisions of Section 139 read with Section 141 of the Companies Act, 2013.

Board's explanation and Comments:

Auditor's Responsibility Statement read with Clause 13 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.

Auditor's responsibility Statement read with Clause 9 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. 2.40 Crs. (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 09 on note 22 which is self explanatory.

Auditor's responsibility Statement read with Clause 11 on Note 22: The company has approached the secured lenders for resettlement. Term Loan of IARC has been settled in full and final during the year under review. A payment of Rs. 1 cr. was made in earlier years to the secured lenders towards the negotiated settlement which stand revoked as on date. On fully settling the dues of these 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 it in artificially controlled temperature and is hopeful of revival of its operations fully.

Point No. (vii) (a) 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. 8.37 lacs towards the sales tax demand. The company has taken up the steps to approach the relevant Authorities (including filing of appeal) for cancellation of demand of Rs. 5.11 lacs. Rest of the Sales Tax demand of Rs. 3.26 lacs 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.

b. Secretarial Audit:

The Board has appointed M/s Santosh Ku. Pradhan, Practising Company Secretary as the Secretarial Auditor for the Financial Year 2014-15. The secretarial audit report as required under section 204 of the Companies Act, 2013 is annexed as **Annexure 2** and forms part of this report.

Board's explanation and Comments:

The Company has tried to take on roll services of a Company Secretary as Key Managerial Personnel. However, since the company is going through severe liquidity crunch, it is difficult to persuade the applicants to work on a reasonable salary. However, the company is committed to employ Company secretary in near future.

4. Annual Return:

The extract of Annual return as provided under sub-section (3) of Section 92 is annexed as **Annexure 3** and forms part of this report.

5. Vigil Mechanism: (Whistle Blower Policy)

A Vigil Mechanism / Whistle Blower Policy, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 was approved by the Board. The vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee, in exceptional cases.

Mr. Manjit Singh, Plant Manager was appointed as the Vigilance Officer to hear the grievances of the employees with any person in the company and take steps to resolve the issues amicably and report the same to the Managing Director of the Company and offences of serious nature may be brought

Tarai Foods Limited

to the attention Mr. Vijay Jolly, Chairman of the Audit Committee of the Company who shall after hearing the concerned person award appropriate punishment to the offender.

6. Deposits:

During the year under review, your company has not accepted any public deposits in terms of the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

7. Loans, Guarantees or investments:

The Company has not given any loan or provided any Guarantees and has not made any investments during the financial year under review.

8. Contracts and arrangements with related parties:

The particulars of Contracts and arrangements with related parties referred to in sub section (1) of Section 188 in AOC-2 is annexed as **Annexure-4** and forms part of this report.

9. Corporate Social Responsibility:

The provisions of Corporate Social Responsibility are not applicable on the Company.

10. Risk Management Policy:

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.

11. Internal Financial controls:

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.

12 Share Capital:

The Company has only one kind of Shares i.e. Equity shares with same voting rights. The Company has not issued any sweat equity shares during the financial year under review. The Company has not issued any further shares during the financial year under review. Further, during the year under review, the Company has not made any offer to buy back its shares.

13 Particulars of Employees:

Information in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure 5** and forms part of this report.

14. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information in accordance with the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and Foreign exchange earning & outgo of the Company were given as per **Annexure 6** to this report.

15. Corporate Governance report:

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 the Clause 49 of the Listing Agreement and the same is annexed.

16. Formal Annual Evaluation of Board of its own performance and that of its Committees and Directors:

Our Company has prescribed required parameters to evaluate the performance of the Board and its committees. It is always recognized that the Board comprises appropriately qualified and professional people with broad range of experience.

17. Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The details are as follows:

1. Number of Complaints of Sexual Harassment received in the year: Nil
2. Number of Complaints disposed during the year: N.A
3. No. of cases pending for more than ninety days: Nil
4. No. of workshops or awareness programme against Sexual harassment carried out: Nil
5. Nature of action taken by the employee or District officer: N.A

18. Directors' Responsibility Statement:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed 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. the Directors had selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
4. The Directors had prepared the annual accounts on a 'going concern' basis; and
5. The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Tarai Foods Limited

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.

By Order of the Board
Tarai Foods Limited
Sd/-

Place: Rudrapur
Date: 14th August, 2015

Mr. G.S. Sandhu
Chairman
DIN: 00053527
Address: 118, Madan Lal Block,
Asian Games Village,
New Delhi- 110049.

Annexure-I

REMUNERATION POLICY Effective from 1st October, 2014.

(I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

1. Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

2. Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

3. Independence of Independent Directors:

An Independent director should meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement concerning independence of directors.

(II) Remuneration Policy for Directors, Key Managerial Personnel and other employees General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non Executive Directors/Independent Directors:

NEDs/Independent Directors shall not be paid sitting fees for any meeting of the board or committee thereof attended by them as member. The company has no stock options plans and no payment by way of commission, bonus, pension, incentives etc. shall be made.

Tarai Foods Limited

Form No. MR-3

'ANNEXURE' 2

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,
Tarai Foods Limited
13, Hanuman Road, Connaught Place,
New Delhi- 110001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tarai Foods Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder &
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition on Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable as the Company has not issued any securities during the financial year);**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock Purchase Scheme) Guidelines, 1999 1999; **(Not Applicable as the Company has not issued any Employee Stock Option securities during the financial year);**
 - (e) The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008 **(Not Applicable as the Company has not issued any debt securities);**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable as the Company has not de-listed its securities during the Financial Year);** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable AS Company has not bought back any security during the Financial Year);**
 - (v) Other laws applicable specifically to the Company viz.
 - (a) Food Safety and Standard Act, 2006
- I have also examined compliance with the applicable clauses of the following:
- (a) Secretarial Standards issued by The Institute of Company Secretaries of India- **Not notified till 31st March, 2015, hence not applicable to the Company during the Audit Period.**
 - (b) The Listing Agreements entered into by the Company with Bombay stock exchange.

I report that, during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, standards, etc. mentioned above subject to the following observation:

The Company does not have a Whole Time Key managerial Personnel in the category of Company Secretary pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

I further report that, based on the information provided by the Company, its' officers and Authorised Representatives during the conduct of the Audit, in my opinion, adequate systems, processes and control mechanism exist in the Company to monitor & ensure compliance with applicable General laws like Labour Laws, Competition law & Environmental laws.

I further report that, the compliance by the Company of applicable financial laws, like Direct & Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board respectively.

Tarai Foods Limited

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period under review, the company has not taken any decisions which have major bearing on the Company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Date: 10/08/2015

Place: Ghaziabad

For Santosh Kumar Pradhan

(Company Secretaries)

Sd/-

Santosh Kumar Pradhan

FCS No.: 6973

C P No.: 7647

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report

'ANNEXURE A'

To

The Members,

Tarai Foods Limited

13, Hanuman Road, Connaught Place,

New Delhi- 110001

My report of even date is to be read alongwith this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 10/08/2015

Place: Ghaziabad

For Santosh Kumar Pradhan

(Company Secretaries)

Sd/-

Santosh Kumar Pradhan

FCS No.: 6973

C P No.: 7647

FormNo.MGT-9

'ANNEXURE' 3

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2015

[Pursuant to section92 (3) of the Companies Act, 2013 and rule 12(1) of the

Companies (Management and Administration) Rules, 2014]

I. **REGISTRATION AND OTHER DETAILS:**

i.	CIN	L15142DL1990PLC039291
ii.	Registration Date	20/02/1990
iii.	Name of the Company	TARAI FOODS LIMITED
iv.	Category/Sub-Category of the Company	Company Limited By Shares/ Indian Non-Government Company
v.	Address of the Registered office and contact details	13, Hanuman Road, Connaught Place New Delhi-110001. Tel.: 0120-2485183
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Beetal Financial & Computer Services (P) Ltd. 99, Madangir, Beetal House, Behind Local Shopping Centre, Near dada Harsukhdas Mandir, New Delhi-110062 Tel.: 29961281/2