

TARAI FOODS LIMITED



Tarai

**28TH
ANNUAL REPORT
2017 - 2018**

TARAI FOODS LIMITED

Board of Directors	Mr. Gurprit Singh Sandhu	(Managing Director)
	Mrs. Kiran Sandhu	(Director)
	Dr. R. P. Singh	(Executive whole time Director)
	Mr. Ganesh Kumar	(Director)
	Mr. M. S. Garewal	(Director)
	Mr. Hakam Singh	(Director)

Audit Committee, Nomination & Remuneration Committee Stakeholder Relationship Committee	Mrs. Kiran Sandhu
	Mr. M. S. Garewal
	Mr. Hakam Singh
	Mr. Ganesh Kumar

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
	Tel. : 011-41018839

Head Office :	Village Fazilpur Meharola
	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.	INE906C01016
CIN No.	L15142DL1990PLC039291
Email :	taraifoods@gmail.com
Website :	www.taraifoods.com

INDEX

Contents.....	Page No.
Directors Report.....	1
Report on Corporate Governance.....	19
Certificate of Statutory Auditors on Corporate Governance / CEO and CFO Compliance Certificate.....	26
Auditors Report.....	27
Balance Sheet.....	31
Profit & Loss Statement.....	32
Cash Flow Statement.....	33
Note '11' to '21'.....	34-42



Tarai Foods Limited

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E-mail : grvnecs.tfl@gmail.com | Website : www.taraifoods.com | CIN NO.: L15142DL 1990 PLC 039291

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report, together with the audited statement of accounts of the Company for the year ended 31st March, 2018.

1. Statement of Company Affairs:

a. Financial Results & Performance:

The performance of the Company for the financial year ended 31st March, 2018 is summarized below:

Particulars	Financial Year ended 31 st March, 2018 (Rs. In Lacs)	Financial Year ended 31 st March, 2017 (Rs. In Lacs)
Gross Revenue	214.7	293.7
Less: Total Expenditure	(235.5)	(292.8)
Profit/(Loss) before Exceptional/ Extraordinary Items and Tax	(20.8)	0.8
-Exceptional Items	7.06	-
-Extraordinary Items	-	0.5
Profit/(Loss) before tax	(13.7)	1.4
Tax Expenses	-	-
Profit/(Loss) for the period	(13.7)	1.4
Other Comprehensive Income	0.6	-
Total Comprehensive Income for the Period	(13.1)	1.4

The Company was in its twenty eighth year of operations. During the year under review, the Gross revenue decreased to Rs. 214.7 Lacs as compared to Rs. 293.7 Lacs in the previous year. Further, the Company incurred a loss of Rs. 13.7 Lacs as compared to profit earned Rs. 1.4 Lacs during the previous year. The company focused its attention only on production and sale of fresh Mushrooms and the directors are hopeful of better performance in the next year.

Adoption of Indian Accounting Standards ("IND AS")

The Company has adopted Indian Accounting Standards ("Ind AS") and accordingly these financial statements have been prepared in accordance with the same as required under section 133 of the Companies Act, 2013 read with rules made there under. The date of transition to Ind AS is 1st April, 2017. These financial statements for the year ended 31st March, 2018 are the Company's first Ind AS financial statements. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.

Transfer to Reserves:

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

Dividend:

Your company has incurred losses during the year under review. Accordingly no dividend is recommended on the equity shares of the Company for the year ended 31st March, 2018.

Material changes and commitments subsequent to the Balance sheet:

Mr. Ashwini Kumar Pandey (DIN: 08198711) was appointed as an Additional Director in capacity on Independent Director to hold office for a period of 5 year upto 13th August, 2023 subject to the approval of shareholders in the ensuing Annual General Meeting of the Company. Further Mr. M.S. Grewal (DIN: 06525633) resigned from the directorship of the Company with effect from 14th August, 2018.

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

(I) Industry structure and developments.

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 27 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 11000 tons in 1992 over 1,20,000 tons in 2012. India produces about 600 million tons of agricultural waste annually and a major part of it are left out to decompose naturally or 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 Strength and Threats

Opportunities

Macro-economic as well as industry specific 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.

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 this 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.

Competition: eg - Availability of canned Chinese mushroom at lower price.

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 and spawn TFL is going to improve its facilities in this regard.

(iii) Segment wise & Product-wise performance:

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

Fresh Mushrooms

Mushroom Spawn

Compost for Mushroom

Product-wise performance

Sale of Finished Goods

Description	Current Year 2017-18		Previous Year 2016-17	
	Qty. (in MTs)	Value (in Rs. In lacs)	Qty. (in MTs)	Value (in Rs. In Lacs)
Fresh Mushrooms	170.57	193.87	239.11	282.1
Mushroom Spawn	5.94	7.44	4.16	5.12
Compost for Mushroom	87.57	2.92	-	-

The company has completely diversified in Mushroom growing under artificially controlled conditions. 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.

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 competition successfully.

(iv) 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 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.

(v) 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.

(vi) 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 spawn and compost to mushroom growers.

(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 2018, the total numbers of permanent employees in the Company were 12 (Twelve).

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:** NIL
- 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. Ganesh Kumar, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as on 31st March, 2018. The meetings of Board of directors were duly held four times on 30/05/2017, 14/08/2017, 14/11/2017 and 13/02/2018 in respect of which proper notices were given and the proceedings were properly recorded and the maximum time gap between 2 board meetings is as per the provisions of the Companies Act, 2013 readwith SEBI (Listing Obligations & Disclosure Requirement) regulations, 2015. 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. Ganesh Kumar, 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 30/05/2017, 14/08/2017, 14/11/2017 and 13/02/2018 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. Ganesh kumar, Mr. Melvinder Singh Garewal, Mr. Hakam Singh Saini and Ms. Kiran Sandhu as the members of the Committee. There was no Nomination and Remuneration Committee meeting during the year under review.

d. Composition and meeting of Stakeholders Relationship Committee:

The Stakeholders Relationship Committee comprises of Mr. Ganesh Kumar, Mr. Melvinder Singh Garewal, Mr. Hakam Singh Saini and Ms. Kiran Sandhu as the members of the Committee. There was no Stakeholders Relationship Committee during the year under review.

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 in the start of the Financial Year 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 13/02/2018.

Training of Independent Directors:

The Company has 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, were appointed as Statutory Auditors of the Company for a period of 5 years in the 24th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company to be held in the year 2019. However, they had expressed their unwillingness to continue to act as Statutory Auditors of the company from the forthcoming Annual General Meeting of the Company. M/s. Sunil Vashisht & Co. Chartered Accountant (FRN: 005016N), having office situated at R-8, South Extension Part 2, New Delhi- 110049, is proposed to be appointed as the Statutory Auditors of the Company to hold the office for a period of 5 years in the ensuing Annual General Meeting of the Company. Further, the Company has received a written consent from M/s. Sunil Vashisht & Co. Chartered Accountant (FRN: 005016N), to act as the Statutory Auditor and Certificate from the Auditors to the effect that their appointment, if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Reporting of frauds by auditors:

During the year under review, the auditors has not reported to the Board, under sub-section (12) of section 143 of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

Board's explanation and Comments:

Auditor's Responsibility Statement read with Clause 12 on Note 21: 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 & machinery every year. The Company has also filed a case with the High Court on Insurance Company towards this claim. However the estimate of the damage and repairs cannot be done unless all the insulation from the walls, windows, floor etc. is removed.

Auditor's Responsibility Statement read with Clause 9 on Note 21: Interest on secured term loans (IDBI Bank and IFCI Ltd.) with the secured lenders have not been provided for in the books of accounts as the company has entered into negotiated settlement with the Secured Lenders – Financial Institutions in 2009-10. The Company made a payment of Rs. 1 crore towards the said settlement in earlier years as part of the settlement but defaulted in the payment of further instalments. Both of the secured lenders have revoked the negotiated settlement but the company has approached them again for resettlement of the matter and is hopeful of settlement in the near future. Current provision of interest of Rs. 28.99 crs due to the secured lenders along with Principal amount of Rs. 3.40 crs 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.

Auditor's Responsibility Statement read with Clause 10 on Note 21: 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 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.

Other points are self-explanatory as given in various clauses on Note 21.

b. Secretarial Audit:

The Board has appointed M/s Santosh Kumar Pradhan, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2017-18. 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 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.

c. Disclosure about Cost Audit:

The provisions of the cost audit and maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable on the Company and accordingly such accounts and records are not required to be made and maintained.

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. Manjeet 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 to the attention Mr. Ganesh Kumar, 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 Company has not entered into any contracts and arrangements with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 and hence the Form AOC-2 is not required to be annexed.

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 4** 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 5** to this report.

15. Corporate Governance report:

A Comprehensive report on Corporate Governance as stipulated under Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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 under Schedule V (E) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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

The Company is in the process of constituting Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee will provide adequate safeguard against Sexual Harassment Complaints and will provide direct access to the Chairperson of the Internal Complaints Committee. It will take steps to resolve the issues and after hearing the concerned person award appropriate punishment to the offender.

18. Disclosure under Secretarial Standard-1 (SS-1):

Adherence by a Company to the Secretarial Standards is mandatory as per Sub-section (10) of Section 118 of Companies Act, 2013. As per the disclosure requirement of para (9) of Secretarial Standard-1 (SS-1), the Company complies with the provisions of applicable Secretarial Standards in respect of the convening of the Board & General Meetings.

19. 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 and loss 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.

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

Place : Rudrapur

Date : 14.08.2018

Sd/-

Mr. G.S. Sandhu

Chairman

DIN: 00053527

Address: 118, Madan Lal Block,
Asian Games Village,
New Delhi- 110049.

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 in 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 members.

The company has no stock options plans and no payment by way of commission, bonus, pension, incentives etc. shall be made.

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[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

CIN: L15142DL1990PLC039291

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 (CIN: L15142DL1990PLC039291) (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, 2018 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, 2018, 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.
- (b) The SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 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.