

TARAI FOODS LIMITED



Tarai

**32nd
ANNUAL REPORT
2021 - 2022**

TARAI FOODS LIMITED

Board of Directors	Mr. Gurprit Singh Sandhu Mrs. Kiran Sandhu Mr. Lilanshu Arora Mrs. Mandeep Grewal Mr. B.S. Johal Mr. Satish Kumar	(Managing Director) (Director)
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Audit Committee,	Mrs. Kiran Sandhu
Nomination & Remuneration Committee	Mrs. Mandeep Grewal
Stakeholder Relationship Committee	Mr. Lilanshu Arora
	Mr. Satish Kumar
	Mr. B.S. Johal

Auditors	Sunil Vashisht & Co.
	R-8, South Extension
	Part-2, New Delhi-110049

Company Secretary	Mr. Vijay Kant Asija
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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

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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
ISIN No.	INE906C01016
CIN No.	L15142DL1990PLC039291
Email :	<u>taraifoods@gmail.com</u>
Website :	<u>www.taraifoods.com</u>

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 32nd Annual Report, together with the audited statement of accounts of the Company for the year ended 31st March, 2022.

1. Statement of Company Affairs:

a. Financial Results & Performance:

The performance of the Company for the financial year ended 31st March, 2022 is summarized below:

Particulars	Financial Year ended 31st March, 2022 (Rs. In Lacs)	Financial Year ended 31st March, 2021 (Rs. In Lacs)
Gross Revenue	281.8	294.6
Less: Total Expenditure	(319.3)	(317.5)
Profit/(Loss) before Exceptional/ Extraordinary Items and Tax	(37.5)	(22.9)
-Exceptional Items	7	.08
-Extraordinary Items	0.0	0.0
Profit/(Loss) before tax	(44.5)	(23.7)
Tax Expenses	-	-
Profit/(Loss) for the period	(44.5)	(23.7)
Other Comprehensive Income	1.6	2.1
Total Comprehensive Income for the Period	(43)	(21.6)

The Company was in its 32nd year of operations. During the year under review, the Gross revenue reduced to Rs. 281.8 Lacs as compared to Rs. 294.6 Lacs in the previous year. Further, the Company incurred a loss of Rs. 44.5 Lacs as compared to a loss of Rs. 23.7 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.

Transfer to Reserves:

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

Dividend:

Due to the losses incurred by the Company, no dividend is recommended on the equity shares of the Company for the year ended 31st March, 2022.

Material changes and commitments affecting the financial position of the Company which have occurred between the end of Financial Year of the Company to which the Financial Statements relate and the date of the report:

There were no material changes affecting the Financial Position of the company which occurred between the end of the financial year till the date of the board report.

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

(i) Industry structure and developments.

The global frozen foods market is in a state of moderate, yet constant expansion. Frozen foods are high on the convenience quotient, and hence the adoption of frozen foods will continue to be observed in areas where urbanization is gathering pace. The market research report on the global frozen food market takes a granular look at the many influencing factors that are steering the growth. The report is a result of qualitative and quantitative research techniques that aim to drill down to the exact factors that are- driving growth and creating new opportunities for growth.

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 38000 tons in 1997 to over 1,30,000 at present. 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 2nd 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

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.

Frozen Finger Chips:

The market of processed potato products is growing at the rate of 15% to 20% per annum. The estimates of trade sources and sector studies indicate a market share of about 30% of potato based products in total 2400 crores snack food market.

Domestic Market:

The Frozen French fries market in India is in a nascent stage but is growing at a rate of about 25% per year. The percent organized market for frozen French- fries in India is estimated at over 3500 tons/annum, mostly contributed by imported French Fires. The estimated domestic production of French fries is about 500 MT.

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 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 value added 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.

- *Competition: e.g. -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 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**
- **Mushroom Spawn**
- **Compost for Mushroom**

**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	223.73	258.96	217.59	270.02
<i>Mushroom Spawn</i>	4.27	5.37	5.72	7.15
<i>Compost for Mushroom</i>	8.09	0.80	32.08	2.84

The company has completely diversified in Mushroom growing under controlled conditions. It has been successful in creating capacities of 6.55 qntl. a day for Mushroom and is hopeful of expanding it to 1 ton a day in near future.

(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 2022, the total numbers of permanent employees in the Company were 12.

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.

(ix) Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor:

Particular	FY 2021-22	FY 2020-21
Debt Equity Ratio	(150)	(210)
Asset Proprietary Ratio	(60)	(40)

(x) Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:

The company settled its long terms dues in the previous financial year, financial costs related to such borrowings were written back to the extent they were unpaid, hence it amounted to a substantial increase in the income during the previous year and resultantly, there has been a substantial change in the Return on Net worth as compared to previous financial year.

(xi) COMPLIANCE WITH SECRETARIAL STANDARDS

The Company confirms compliance with the applicable requirements of Secretarial Standards 1 and 2 prescribed by the Institute of Company Secretaries of India (ICSI).

b. Key Changes during the year:

1. Changes in the Nature of business: NIL

2. Changes during the year in Directors and KMP:

- a. Mr. Ganesh Kumar (DIN: 07722602) and Mr. Ashwini Kumar Pandey resigned from Directorship of the Company w.e.f. 16th July, 2021.
- b. Mr. G. S. Sandhu was re-appointed as Whole Time Key Managerial Personnel in the Category of Managing Director of the Company w.e.f. 30th August, 2021.
- c. Mr. Bhupender Singh Johal (DIN: 01983665), Mr. Satish Kumar (DIN: 09360435) and Mrs. Mandeep Grewal (DIN: 03614401) were appointed as Additional Director of the Company in the capacity of Independent Director of the Company w.e.f. 08th December, 2021.