

TARAI FOODS LIMITED



Tarai

21ST ANNUAL REPORT 2010-2011

Tarai Foods Limited

TARAI FOODS LIMITED

Board of Directors

Mr. Gurprit Singh Sandhu
Mrs. Kiran Sandhu
Mr. N.K. Bharti
Mr. Vijay Jolly

(Managing Director)
(Director)
(Director)
(Director)

Audit Committee, Investors Grievances Committee & Remuneration & Recruitment Committee

Mr. N.K. Bharti
Mrs. Kiran Sandhu
Mr. Vijay Jolly

Auditors

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

Bankers

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

Regd. Office

13, Hanuman Road,
Connaught Place
New Delhi-110001

Head Office : (Plant)

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

Share Transfer Agent

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

ISIN No.

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INDEX

Contents.....	Page No.
Notice	1
Directors Report.....	2
Auditors Report.....	12
Balance Sheet	15
Profit & Loss Account	16
Schedule '1' to '20'	17-26
Balance Sheet Abstract.....	26
Cash Flow Statement	27

Tarai Foods Limited

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of Tarai Foods Limited will be held on Wednesday, the 20th day of July, 2011 at 9.30 p.m. at Elcina House, 422, Okhla Industrial Estate, Phase-III, New Delhi- 110020 to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Kiran Sandhu, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

By order of the Board
for Tarai Foods Limited

Place: Rudrapur
Date: 30/05/2011

Sd/-
G. S. Sandhu
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 18/07/2011 to 20/07/2011. (both days inclusive).
3. Members seeking further information about the accounts are requested to write atleast 10 days before the date of meeting so that it may be convenient to get the information ready at the meeting.
4. Members/ Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. As per amended provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of shares held by them. Nomination forms can be obtained from registrar of the Company.
6. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.
7. The Shareholders are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Accounts of the Company as required vide circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by Ministry of Corporate Affairs.
8. No gifts shall be distributed at the annual General Meeting of the Company.
9. Additional information as per Clause 49 of the listing Agreement:

Brief profile of Mrs. Kiran Sandhu, Director, recommended for reappointment:

Mrs. Kiran Sandhu, aged 62 years has vast experience in the food business of the company and she has been associated with the company for more than a decade. She by qualification is graduate in Textiles and Designing from Delhi Polytechnic.

Tarai Foods Limited

Mrs. Kiran Sandhu is on the Board of Tarai Farmlands Pvt. Ltd. and Suraiya Exports Pvt. Ltd. She is the member of Committee, Remuneration & recruitment Committee and Investors'/ Shareholders' Grievance Committee Company.

None of the directors except Mrs. Kiran Sandhu is interested in proposed resolutions. However, Mr. G. S. Sandhu, Director of the Company being related to her may also be deemed to be interested in the proposed reappointment.

By order of the
for Tarai Foods Limited

Place: Rudrapur
Date: 30/05/2011

Sd/-
G. S. Sandhu
Managing Director

DIRECTORS' REPORT

Dear Members,

Your Directors present the 21st Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2011

Financial Results

Particulars	For the period ended 31-03-2011	For the period ended 31-03-2010
Gross Revenue	169	330
Operating Profit before Interest, Financial Charges and Depreciation	(46)	19
Less: Interest and Finance Charges	0.07	0.35
Profit/(Loss) before Depreciation	(46)	18
Less: Depreciation	55	55
Profit/(Loss) for the year	(101)	(37)
Extra Ordinary Items (PROVISIONS REVERSED)	6	--
Net Profit/(Loss) for the year	(95)	(37)
Less: Provision for Tax	--	--
Net Profit/(Loss) after Taxation	(95)	(37)

The company had suffered a loss of Rs. 101 Lacs as compared to a loss of Rs. 37 Lacs during the previous year. Also, the revenue of the Company has reduced to Rs. 169 Lacs as compared to Rs. 330 Lacs in the previous year. Your Directors are hopeful of better performance in the coming year.

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 resultant generation of employment and export earnings. Indian food industry is expected to grow to US\$ 95.6 billion by 2015 and generate an additional employment for approximately 8.2 million people. Also, food consumption in India is estimated to grow at a CAGR of 5.32% by 2013. Further, it is expected that processed food output will grow at a strong 7% CAGR in terms of value from US\$ 55.6 billion in 2005 to US\$ 95.6 billion in 2013.

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

Tarai Foods Limited

dehydrated and frozen fruits and vegetable products, tomato products, pickles, convenience vegspice 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 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.

Threats

- **Uncontrolled price structure:**

When there is a glut in the market, the price of certain food items like frozen peas and other vegetables fall 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 in which your company works 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:**

Since the demand for the frozen foods and vegetables are generally in metro cities or big towns, there is a high transportation cost incurred on refrigerated vehicles to transport the same to these townships or cities. 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:**

There is high competitive intensity from national as well as local players in many categories. 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.

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

Tarai Foods Limited

Further, the global economy seems to be recovering after the economic shocks in the past. 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.

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 etc. 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 has effective budgetary control system and the actual performance is reviewed with reference to the budget periodically by the management. 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 is diversifying into Mushroom production and offers a wide range of IQF (Individually Quick Frozen) product range of peas, sweet corns and other vegetables, meeting strict quality & hygiene standards. Canned mushrooms are also available as per the customer requirement.

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 2011, the total numbers of permanent employees in the Company were 22.

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.

DIVIDEND

Due to the losses incurred by your Company, no dividend is recommended on the equity shares of the Company.

AUDITORS

M/s. Rattan Anil & Co, Chartered Accountants, A-90, Gali No. 6, 1st Floor, Madhu Vihar Market, Patpar Ganj Bus Depot., New Delhi, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. The Company has received a Certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with the provisions of Section 224(1-B) of the Companies Act, 1956.

Comments on Auditors' Remarks:

Point 3 (1) read with Note 6 (b) to Schedule 19: The financial position of the company is not well and hence the company is not in a position to spend on actuarial valuation of gratuity as on the Balance Sheet date.

Point 3 (2) read with Note 5 on Schedule 20: The company has written to the Banker to the Issue to transfer the unclaimed application money to the Investor Education and Protection Fund as per the procedure.

Point 3 (3) read with Note 13 on Schedule 20: 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 before the main pea season. The company has also filed a case with the High Court on Insurance Company towards this claim.

Point 3 (4) read with Note 10 on Schedule 20: 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. Although IFCI Ltd. and Standard

Tarai Foods Limited

Chartered Bank have already revoked the sanctioned Settlement. But the company is hopeful to clear the default as per the negotiated settlement and reinstate the settlement terms again. As per the terms of the settlements, the interest are not payable to them on the original liability and hence the interest has not been provide for. Point 4 read with note 11 on schedule 20: The company has entered into the negotiated settlement with the lenders and has already made a payment of around Rs. 2 crores to them. On fully settling the dues of the secured lenders as per the settlement, the company will be able to come out of the negative networth and also revive its operations fully.

DIRECTORS

Pursuant to Section 256 of the Companies Act 1956, Mrs. Kiran Sandhu, Director of the Company retires by rotation and being eligible, offers herself for re-appointment.

FIXED DEPOSITS

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

BUY BACK OF SHARES:

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

EMPLOYEES

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

STOCK EXCHANGE LISTING

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

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

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

CORPORATE GOVERNANCE

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

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

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

Your Directors hereby state that:

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

APPRECIATION

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

For and on behalf of the Board of Directors

Place: Rudrapur
Date : 30/05/2011

Sd/-
G.S. Sandhu
Managing Director

Tarai Foods Limited

Annexure-1 Conservation of Energy:

FORM A

A. Power and Fuel Consumption:

1. Electricity	Year ended 31 st March, 2011	Year ended 31 st March, 2010
(a) Purchased		
Units	16,83,950	21,12,760
Total Amount	68,98,366	77,27,883
Rate/unit	4.10	3.66
Own Generation		
(i) Through diesel generator		
Units generated	1,99,950	5,25,000
Units per ltr. of Diesel Oil	3	3
Cost/units	13.26	11.44

B. Consumption per unit of Production:

	Standards (if any)	Year ended 31 st March, 2011	Year ended 31 st March, 2010
Electricity (Units) per Kg.		1.97	1.34

FORM B

Research and Development (R & D)

In the absence of working capital facility from Banks, the company does not have adequate funds to engage itself in Research and Development in the technology.

Technology absorption, adaptation and innovation

The company has not imported any technology in the last few years and hence matters pertaining to the technology absorption, adaptation and innovation are not applicable to the company.

The imported technology currently used is quite old, around 15-18 years old for which the company has retained key technical staff who have been trained by earlier technical collaborator and have adapted the technology well.

Foreign Exchange Earnings & Outgo During the year under review, the Company has neither earned any foreign exchange nor used any foreign exchange.

For and on behalf of the Board of Directors

Sd/-

G. S. Sandhu
Managing Director

Place: Rudrapur
Date: 30/05/2011

REPORT ON CORPORATE GOVERNANCE

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company strives to imbibe fairness, transparency, accountability and responsibility through the adoption of the practice of Corporate Governance. The Company has taken adequate steps to ensure that the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges are complied with.

The Company has the following committees viz. Audit Committee, Remuneration and Recruitment Committee and Investors'/Shareholders' Grievances Committee to ensure the effective implementation of Clause 49 of the Listing agreement.

Tarai Foods Limited

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

The Board of directors of the Company consists of 4 directors whose category, attendance in Board meetings and in last AGM is as follows:

S. No.	Name of Directors	PD/ND*	ED/NED/ID*	Attendance in last AGM	Attendance in Board Meetings		Other Board	
					Held	Attended	Directorship	Committee Chairmanship
1.	Mr. Gurprit Singh Sandhu	PD & Managing Director	ED	Present	5	5	Director in Tarai Farmlands Pvt. Ltd., *Tarai Agro Inds. Ltd., Suraiya Exports Pvt. Ltd.	NIL
2.	Mrs. Kiran Sandhu	PD	NED	Absent	5	5	Director in Tarai Farmlands Pvt. Ltd., *Tarai Agro Inds. Ltd., Suraiya Exports Pvt. Ltd.	NIL
3.	Mr. Vijay Jolly	NPD	NED/ID	Present	5	5	NIL	NIL
4.	Mr. N. K. Bharti	NPD	NED/ID	Present	5	5	NIL	NIL

* Pursuant to sub section (5) of Section 560 of the Companies Act, 1956, that the name of Company has been struck off the Register and the Company is dissolved.

- PD – Promoter Director; NPD – Non Promoter Director; ED – Executive Director;
- NED – Non-Executive Director; ID – Independent Director

a) Details of Board Meetings held during the year:

During the year under review, 5 (Five) Board meetings were held and the dates of the board meetings and attendance at the board meetings were as follows:

Date of Board Meeting	Board Strength	No. of Directors Present
30/04/2010	4	4
28/05/2010	4	4
13/08/2010	4	4
15/11/2010	4	4
15/02/2011	4	4

3. AUDIT COMMITTEE:

During the financial year 2010-2011, the Members of the Audit Committee met 5 (Five) times. The dates of the meetings were 30/04/2010, 28/05/2010, 13/08/2010, 15/11/2010, and 15/02/2011.

a) Composition of Committee and attendance of members:

Tarai Foods Limited

Sl. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	Mr. N. K. Bharti *	Chairman	NED/ID	5	5
2.	Mrs. Kiran Sandhu	Member	NED	5	5
3.	Mr. Vijay Jolly	Member	NED/ID	5	5

- * Mr. N.K. Bharti having the requisite qualification as required under Clause 49 (II) of the Listing Agreement is the Chairman of the Audit Committee.

b) Terms of reference:

- To review the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence and effectiveness;
- To review of internal controls, delegation of authority limits;
- To act as an interface between the management and the statutory and internal auditors overseeing the internal audit functions;
- To oversee the Company's financial statements, including annual and quarterly financial results, and financial accounting practices & policies;
- To review all internal systems, review the Company's financial and risk management policies, audit and control procedures of the company including but not limited to appointment of statutory/internal auditors from time to time and also to review the annual accounts, quarterly unaudited financial results and limited review report before they are put up to Board for its approval".

4. REMUNERATION & RECRUITMENT COMMITTEE:

During the financial year 2010-11, the Members of the Remuneration & Recruitment Committee met 4 (Four) times. The dates of the meetings were 28/05/2010, 13/08/2010, 15/11/2010, and 15/02/2011.

a) Composition of Committee and attendance of members:

Sl. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	Mr. N. K. Bharti	Chairman	NED/ID	4	4
2.	Mrs. Kiran Sandhu	Member	NED	4	4
3.	Mr. Vijay Jolly	Member	NED/ID	4	4

Terms of reference:

- To oversee the method, criteria and quantum of compensation for Executive and Non-Executive Directors;
- To review the recruitment of key management employees and their compensation;
- Formulation of initiatives leading to greater transparency and improved corporate governance.

b) Remuneration Policy:

No remuneration is paid to the Directors by the Company & there is no remuneration policy of the Company.

5. INVESTORS'/SHAREHOLDERS' GRIEVANCES COMMITTEE

During the financial year 2010-2011, the Members of the Investors'/Shareholders' Grievance Committee met 4 (Four) times. The dates of the meetings were 28/05/2010, 13/08/2010, 15/11/2010, and 15/02/2011.

a) Composition of Committee and attendance of members :

Sl. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	Mr. N. K. Bharti	Chairman	NED/ID	4	4
2.	Mrs. Kiran Sandhu	Member	NED	4	4
3.	Mr. Vijay Jolly	Member	NED/ID	4	4

- b) Mr. G. S. Sandhu, Managing Director, is the Compliance Officer of the Company.

- c) - No. of Investors' Complaints received by the Company: 3
- No. of Complaints not solved / pending: NIL

6. GENERAL MEETINGS:

- Location and time, where last three AGMs were held :

Tarai Foods Limited

Particulars	FY 2007-08	FY 2008-09	FY 2009-10
Date & Time	September 30, 2008. 9:30 A.M.	September 29, 2009. 9:00 A.M.	September 30, 2010 9:30 A.M.
Venue	Amar Inn, K-102, Lajpat Nagar-II, New Delhi-110024	Elcina House, 422, Okhla Industrial Estate, New Delhi- 110 020	Elcina House, 422, Okhla Industrial Estate, New Delhi- 110 020

- **Whether any special resolutions passed in the previous 3 AGMs:**
In the Annual General Meeting held on 30th September, 2008, 29th September 2009 and 30th September, 2010 no special resolution was passed.
- **Whether any special resolution passed in last year through postal ballot, details of voting pattern:**
No.
- **Person who conducted the postal ballot exercise:**
N.A.
- **Whether special resolutions are proposed to be conducted through postal ballot:**
N.A.
- **Procedure for postal ballot:**
N.A.
- 7. **DISCLOSURES:**
 - **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relative that may have potential conflict with the interests of the Company at large:**
The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.
 - **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years:**
The Company received a Show cause notice from ROC dated 21st June, 2010 under section 234(1) of the Companies Act, 1956. The Company has since replied.
 - **Whistler Blower policy and affirmation that no personnel has been denied access to the audit committee:**
N.A.
 - **Details of compliance of mandatory requirements and adoption of the non-mandatory requirements:**
The Company has complied with the mandatory requirements of the Listing Agreement. The Company has adopted the non-mandatory requirements of the Remuneration Committee.
- 8. **MEANS OF COMMUNICATION:**
The Quarterly Unaudited Financial Results are generally published by the Company in The Pioneer & Veer Arjun. The Company does not maintain any web-site. During the year under review, the Company has neither released any official news release nor has made any presentation to the Institutional Investors or to the Analysts.
- 9. **SHAREHOLDERS' INFORMATION:**
 - a) **Annual General Meeting:**
 - Date and Time :** 20th July, 2011 at 9.30 a.m.
 - Venue :** Elcina House, 422, Okhla Industrial Estate, Phase-III, New Delhi-110020
 - b) **Financial Year:**
The financial year of the Company is from April to March.
 - c) **Book Closure:**
The Register of Members and Share Transfer Books of the Company will remain closed from 18/07/2011 to 20/07/2011 (both days inclusive).
 - d) **Dividend payment date :**
N.A.
 - e) **Stock Exchange Listing:**
The shares of your Company are listed at The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. The Company has paid the up-to-date listing fee to the Mumbai Stock Exchange.

Tarai Foods Limited

f) Stock Code:

The Stock Exchange, Mumbai -

519285

g) Market price Data High/ Low during each month in last financial year:

At BSE (Bombay Stock Exchange)

Month	Monthly High	Monthly Low
Apr-10	3.72	2.98
May-10	3.7	2.82
Jun-10	4.63	3
Jul-10	6.34	3.99
Aug-10	4.48	3.46
Sep-10	4.5	3.5
Oct-10	4.32	3.56
Nov-10	4.5	3.47
Dec-10	4.5	3.52
Jan-11	4.19	3.5
Feb-11	4.29	3.69
Mar-11	3.9	3.05

h) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.:

Since the shares of the Company are thinly traded, the comparison of the performance of the shares of the Company with indices such as BSE Sensex is not made.

i) Registrar and Transfer Agents:

Beetal Financial & Computer Services Pvt. Limited,

99, 3rd Floor, Madangir, Behind Local Shopping Center, New Delhi- 110062.

j) Share Transfer System:

All the share transfer system of the company is being controlled by Beetal Financial & Computer Services Pvt. Limited, subject to the approval of the company.

k) Distribution of Shareholding as on 31.03.2011:

Sr. No.	Category	No. of Shares	% of Holding
A.	Promoters' Holding:		
1.	Promoters		
	Indian Promoters	19,31,862	10.9
	Foreign Promoters	63,28,100	35.7
2.	Persons Acting In Concert	Nil	Nil
	Sub- Total	82,59,962	46.6
B.	Non Promoters' Holding:		
3.	Institutional Investors:		
a.	Mutual Funds & UTI	12,900	0.1
b.	Banks, FIs, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	22,700	0.2
c.	Foreign Institutional Investors	NIL	NIL
	Sub- Total	35,600	0.3
4.	Others		
a.	Private Corporate Bodies	37,80,549	21.3
b.	Indian Public	53,95,920	30.43
c.	NRI/OCBs	2,56,079	1.44
d.	Any Other (Clearing Members- Demat Transit)	10	0.0
	GRAND TOTAL	1,77,28,120	100

l) Dematerialization of Shares & Liquidity:

As on 31st March, 2011, 1,12,77,469 equity shares, representing 63.61% of Total Equity Capital is held in demat form with the NSDL & CDSL.

m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

N.A.

Tarai Foods Limited

- n) **Plant Location:**
Village: Fazilpur-Mehrola,
Tehsil: Kichha, Rudrapur,
Dist.: Udham Singh Nagar,
Uttarakhand.
- o) **Address for Correspondence:**
13, Hanuman Road,
Connaught Place,
New Delhi- 110001

For and on behalf of the Board of Directors

Place: Rudrapur
Date: 30/05/2011

Sd/-
G. S. Sandhu
Managing Director

AUDITORS' CERTIFICATE

To the members of Tarai Foods Limited

We have examined the compliance of conditions of Corporate Governance by Tarai Foods Limited for the year ended 31 March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations' w limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the compa has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances is pending for a period exceeding one month against the company as per the reco maintained by the Company which are presented to the investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency effectiveness with which the Management has conducted the affairs of the company.

Place: Rudrapur
Date: 30th May 2011

For RATTAN ANIL & CO.
Chartered Accountants

Sd/-
Rattan Bansal
Partner
Membership No.: 083929
Firm Regn. No.: 009414N

Tarai Foods Limited

AUDITORS' REPORT

TO THE MEMBERS OF TARAI FOODS LIMITED

1. We report that we have audited the Balance Sheet of TARAI FOODS LIMITED as at 31st March, 2011 and the relative Profit and loss Account for the period ended on that date and the Cash Flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and loss Account and the Cash Flow statement together with the significant accounting policies and notes thereon and attached thereto give in the prescribed manner, the information required by the Companies Act, 1956 and also give, subject to note 3.1 to 3.4 below, respectively, a true and fair view of the state of the Company's affairs as at 31st March, 2011 in case of Balance Sheet and of the loss for the period ended on that date in case of the Profit & loss Account and of the cash flows for the period ended on that date in case of the Cash Flow Statement.
 1. Note 6 (b) to Schedule 19 regarding valuation of gratuity.
 2. Note 5 on Schedule 20 regarding details of amount refundable towards share application money.
 3. Note 13 on Schedule 20 regarding damage to the cold store building.
 4. Note 10 on Schedule 20 regarding interest on Term Loan and working capital default not provided for.
4. Considering continued losses, and negative net worth of the company, the concept of going concern may be in doubt. Its ability to continue as going concern depends upon the settlement of outstanding dues of secured/ unsecured creditors and restructuring of operations by considering appropriate business strategies and financial viabilities. In spite of these uncertainties, accounts have been prepared on going concern basis and we are unable to ascertain its impact on the financial statements of the company. (Note 11 on Schedule 20).
5. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report Amendment) order, 2004 (The Order) Issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (The Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.
6. Further to our comments in the Annexure referred to in Paragraph 3 & 4 above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit;
 - b) In our opinion, proper books of account have been kept as required by law so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Balance Sheet and Profit and loss account and Cash Flow statement dealt with by this report comply with the Mandatory Accounting Standards referred to in sub-session 3C of session 211 of the Companies Act, 1956;
 - e) In our opinion, and based on the information and explanations given to us, none of the directors of the Company, is disqualified as on March 31, 2011 from being appointed as a directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Place: Rudrapur
Date: 30th May 2011

For RATTAN ANIL & CO.
Chartered Accountants

Sd/-
Rattan Bansal
Partner
Membership No.: 083929
Firm Regn. No.: 009414N

Tarai Foods Limited

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (1) of our Report of given date of Tarai Foods Limited for the period ended 31st March, 2011)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the company has not disposed of substantial part of fixed assets during the year.
2. a) As explained to us, inventories have been physically verified by the Management at regular intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventories. There were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 301 of the Act. Consequently, paragraphs iii (b), iii(c) and iii (d) of the said order are not applicable.
- b) The company had taken interest free unsecured loans from the Managing Director and a company covered in the register maintained u/s 301 of the Act in earlier years.

Sr. No.	Name of the Party	Loan taken during the year	Maximum Balance during the year	Outstanding as on 31 st March 2011	Terms of the Loan
1	Mr. G.S. Sandhu	Nil	Rs. 25.50 Lacs	Rs. 25.50 Lacs	Unsecured interest free and repayable on demand
2	Tarai Farmlands Pvt. Ltd.	Nil	Rs. 30 Lacs	Rs. 30 Lacs	Unsecured interest free and repayable on demand

- c) In our opinion and according to the information and explanations given to us, the loans as detailed above are interest free and the other terms and conditions are not prima facie prejudicial to the interest of the Company.
- d) In respect of loans taken by the company the loan is interest free and the principal amount is repayable on demand.
- e) In respect of loans taken by the company, these are repayable on demand which is not demanded as on the date of signing of this report and thus is not overdue.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and Services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, there are no such transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- or more in respect of any party.
6. The company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956.

Tarai Foods Limited

9. In respect of statutory dues:

- a) According to the records of the Company, in the year under review undisputed statutory dues including Income tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities except for provident fund of Rs. 16.87 lacs (including of earlier years) and Sales Tax of Rs. 3.25 Lacs (including of earlier years) which are due for more than six months after they have become payable. According to the Information and explanations given to us, except for provident fund and Sales Tax, no undisputed amounts payable in respect of the aforesaid dues in the year under review were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable.
- b) As at 31st March, 2011 according to the records of the Company, the following are the particulars of disputed dues on account of sales tax, Income Tax and excise duty matters that have not been deposited:

Name of the statute	Amount Rs. in Lacs	Forum Where dispute is pending
Sales Tax (Financial Year 2000-01)	0.32	Appellate Authority – Upto Commissioner's Level
Excise Duty (Fin. Year 1999-2000)	0.59	Appellate Authority Upto Commissioner's Level
Income Tax (Ass. Year 1996-97)	129.84	Appellate Authority – Appellate Tribunal

10. The company has accumulated losses and has not incurred cash Loss during the current financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has defaulted in repayment of dues to financial institutions and the bank. The Company has been defaulting to the institutions for a period of more than ten years to the tune of Rs. 465 lacs towards principal amount and in respect of working capital loans from bank, to the tune of Rs. 190 lacs as principal amount for last ten years. As per the books of accounts maintained by the Company, the default of unpaid interest to the secured lenders is approx. Rs. 4498 lacs as on 31.03.2011, subject to reconciliation of accounts.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. The company is not dealing in or trading in securities, debentures and other investments.
15. The company has not given guarantees for loans taken by others from banks or financial institutions.
16. The company has not raised any new term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the financial statements of the company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies act, 1956.
19. The company has not issued any debentures and hence question of creation of securities or charge in respect of debentures issued does not arise.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For RATTAN ANIL & CO.
Chartered Accountants

Place: Rudrapur
Date: 30th May 2011

sd/-

Rattan Bansal
Partner

Membership No.: 083929
Firm Regn. No.: 009414N

Tarai Foods Limited

AUDITED BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	AS AT 31-Mar-11	AS AT 31-Mar-10
		Rs.	Rs.
SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	143,381,200	143,381,200
Reserves & Surplus	2	36,959,311	36,959,311
		<u>180,340,511</u>	<u>180,340,511</u>
LOAN FUNDS			
Secured	3	494,725,112	497,995,112
Unsecured	4	5,550,000	5,550,000
		<u>500,275,112</u>	<u>503,545,112</u>
		<u>680,615,623</u>	<u>683,885,623</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	139,700,833	139,689,100
Less: Depreciation Reserve		88,601,632	83,124,451
NET BLOCK		<u>51,099,201</u>	<u>56,564,649</u>
Capital Work in Progress		1,269,337	1,269,337
		<u>52,368,538</u>	<u>57,833,986</u>
INVESTMENTS		-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	6	1,182,242	2,449,949
Sundry Debtors	7	2,569,275	5,564,581
Cash & Bank Balances	8	1,480,150	3,660,480
Loans & Advances	9	4,030,294	3,725,940
		<u>9,261,960</u>	<u>15,400,950</u>
Less: Current Liabilities & Provisions	10	15,610,248	14,451,574
		<u>(6,348,288)</u>	<u>949,376</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
PROFIT & LOSS ACCOUNT		634,595,373	625,102,260
		<u>634,595,373</u>	<u>625,102,260</u>
		<u>680,615,623</u>	<u>683,885,623</u>

SIGNIFICANT ACCOUNTING POLICIES

NOTES TO ACCOUNTS

This is the Balance Sheet referred to in our report of even date

The Schedules referred to above form an integral part of the Balance Sheet

Sd/-
Rattan Bansal
Partner

Membership No.083929

For and on behalf of

M/s. Rattan Anil & Co.

Chartered Accountants

Firm Regn. No. : 009414N

Place : Rudrapur

Date : 30th May, 2011

DIN No:

Sd/-

G.S. SANDHU

Managing Director

00053527

Sd/-

N.K. BHARTI

Director

00055892

Tarai Foods Limited

AUDITED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2011

	Schedule	For the year ended 31-Mar-11	For the year ended 31-Mar-10
INCOME		Rs.	Rs.
Sale (including processing charges) (Net of taxes)	11	12,088,446	26,507,834
Other Income	12	4,764,867	6,459,167
Increase/(Decrease) in Inventory	13	(1,267,707)	(1,514,714)
		15,585,606	31,452,287
EXPENDITURE			
Material Purchase	14	2,107,291	4,328,625
Fuel, Power & Water		10,610,521	14,981,007
Personnel Expenses	15	3,121,742	3,773,952
Marketing Expenses	16	696,438	881,811
Administrative Expenses	17	3,670,442	5,592,467
		20,206,434	29,557,862
(LOSS)/ PROFIT BEFORE FINANCIAL CHARGES & DEPRECIATION		(4,620,828)	1,894,425
Financial Charges	18	6,892	34,929
Depreciation		5,477,180	5,546,601
PROFIT/(LOSS) BEFORE TAX		(10,104,900)	(3,687,105)
Extra Ordinary Items (PROVISIONS REVERSED)		(611,787)	-
PROFIT/(LOSS) BEFORE TAX		(9,493,113)	(3,687,105)
Provision for taxation		-	-
PROFIT/(LOSS) AFTER TAX		(9,493,113)	(3,687,105)
Loss brought forward from previous year		625,102,260	621,415,155
LOSS TRANSFERED TO BALANCE SHEET		(634,595,373)	(625,102,260)
Earning Per Share before Extra Ordinary Items Basic and Diluted EPS		(0.70)	(0.26)
Earning Per Share after Extra Ordinary Items Basic and Diluted EPS		(0.66)	(0.26)
Significant Accounting Policies	19		
Notes to Accounts	20		

This is the Profit & Loss Account
referred to in our report of even date
Sd/-

Rattan Bansal
Partner

Membership No.083929

For and on behalf of

M/s. Rattan Anil & Co.

Chartered Accountants

Firm Regn. No. : 009414N

Place : Rudrapur

Date : 30th May, 2011

The Schedules referred to above
form an integral part of the Profit and Loss Account

Sd/-

G.S. SANDHU

Managing Director

00053527

Sd/-

N.K. BHARTI

Director

00055892

DIN No:

Tarai Foods Limited

SCHEDULE 1: SHARE CAPITAL

	31-Mar-11	31-Mar-10
	Rs.	Rs.
32,000,000 Equity Shares of Rs. 10/- each	320,000,000	320,000,000
150,000 Cumulative Convertible Preference Share Of Rs.100/- each	15,000,000	15,000,000
	335,000,000	335,000,000
ISSUED, SUBSCRIBED, CALLED UP AND PAID UP		
13,728,120 Equity Shares of Rs.10/- each , fully paid up (previous year 13728120 Equity Shares)	137,281,200	137,281,200
40,00,000 Equity shares of Rs.10/- each, Rs.10/- called up issued on preferential basis (Previous Year 40 Lacs Equity Shares)	40,000,000	40,000,000
	177,281,200	177,281,200
LESS: Calls in arrears	33,900,000	33,900,000
	143,381,200	143,381,200

SCHEDULE 2: RESERVES & SURPLUS

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Share Premium Account	36,959,311	36,959,311
	36,959,311	36,959,311

SCHEDULE 3: SECURED LOAN

	31-Mar-11	31-Mar-10
	Rs.	Rs.
From Financial Institutions *		
- Rupee Term Loan	46,500,000	46,500,000
- Interest Accrued and Due	399,884,829	399,884,829
	446,384,829	446,384,829
From Banks**		
- Cash Credit (Irregular Account recalled)	19,000,000	19,000,000
- Interest Accrued & Due	49,910,283	49,910,283
	68,910,283	68,910,283
Less: Repayments under negotiated settlement	20,570,000	17,300,000

* Term Loans from financial institutions are secured by mortgage of Company's immovable properties, both present & future and hypothecation by way of first charge on the Company's movable assets (except book debts) including movable machinery, machinery spares, tools and accessories, present & future, subject to prior charges in favour of Company's Bankers on the stock of raw materials, semi finished goods, finished goods, consumable stores & such other movable as may be specifically permitted to secure its working capital requirements and guaranteed by the promoters of the Company as per the terms of the agreement.

** Recalled Working Capital facilities availed from Banks are secured by way of pari-passu charge on the whole of the Company's present and future stocks of raw material, spares, stores, stock - in - process and finished goods stored at the Company's godown or elsewhere in India and the Company's present and future book debts and other receivables. There is an additional security by way of second charge on fixed assets of the Company in case of working capital facilities availed from the State Bank of Travancore. It is further secured by way of personal guarantee of directors of the Company.

Tarai Foods Limited

	494,725,112	497,995,112
SCHEDULE 4: UNSECURED LOAN		
	31-Mar-11	31-Mar-10
	Rs.	Rs.
Short Term:		
- From Bank		
- From Others		
- From Directors	2,550,000	2,550,000
- From others (Interest free loan from M/s. Tarai Farmlands Private Limited)	3,000,000	3,000,000
	5,550,000	5,550,000

SCHEDULE 6: INVENTORY

Refer Note 5 on Schedule 19	31-Mar-11	31-Mar-10
	Rs.	Rs.
Finished Goods	133,557	1,170,830
Raw Material and stock in process	66,359	52,400
Oil and Lubricants	93,335	214,835
Stores & Spares and Packing Material	888,991	1,011,884
	1,182,242	2,449,949

SCHEDULE 7: SUNDRY DEBTORS

(Refer Note 2, 4 & 6 on Schedule 20) (Unsecured)	31-Mar-11	31-Mar-10
	Rs.	Rs.
Debts outstanding for a period over six months :		
- considered good	780,173	791,618
- considered doubtful	546,900	1,142,773
Others :		
- considered good	1,789,102	4,772,963
- considered doubtful		
Less : Provision for doubtful debts	546,900	1,142,773
	2,569,275	5,564,581

SCHEDULE 8: CASH & BANK BALANCES

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Cash in Hand	74,214	1,092,732
Drafts in Hand/ Transit		
Balances With Scheduled Banks		
- In Current Accounts	1,013,315	2,192,202
- Fixed Deposit with Bank	167,075	150,000
- Share Application Money Refundable	225,546	225,546
(Refer Note 5 on Schedule 20)	1,480,150	3,660,480

Tarai Foods Limited

SCHEDULE 9: LOANS AND ADVANCES

(Refer note 2, 4 & 5 on Schedule 20)

(Unsecured)

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Advances recoverable in cash or in kind or for value to be received		
- considered good	1,033,571	1,109,901
- considered doubtful	670,500	670,500
Tax Deducted at Source	2,717,618	2,336,934
Refund Due from Sales Tax Authority	90,583	90,583
Custom Duty and Excise Duty	100	100
VAT ON INPUT	188,422	188,422
Less Provision for doubtful Advances	670,500	670,500

(Advance include amount due from Directors/ Officers of the Company Rs. 3,948/- Previous Year Rs. NIL)

(Maximum advance due during the year Rs. 15,280/- Previous Year 26,606/-)

4,030,294

3,725,940

SCHEDULE 10: CURRENT LIABILITIES

(Refer Note 5 & 7 on Schedule 20)

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Sundry Creditors- Due to Others	12,693,959	12,244,032
- Due to Micro, small and Medium Enterprises		
Advances from Customers	184,701	60,948
Other Liabilities	2,017,745	1,466,630
Share Application Money Refundable	225,546	225,546
Provision for Gratuity and Leave encashment	488,298	454,418
(Refer note 12 on Schedule 20)	15,610,248	14,451,574

SCHEDULE 11: SALES

(Refer note 4 on Schedule 19)

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Sale of vegetables & Fruits (frozen, fresh & canned) (Net of Sales Tax)	5,955,991	11,235,374
Processing of vegetables & fruits (Gross of Tax)	6,132,455	15,272,460
Deducted at source Rs. 50,000/- (previous Year Rs. 3,05,449/-)	12,088,446	26,507,834

SCHEDULE 12: OTHER INCOME

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Storage charges (Gross of tax deducted at source Rs NIL/- Previous Year Rs. 69,448/-)	4,539,139	6,165,901
Miscellaneous Income (Gross)		69,652
Interest Income:		
- On investments		
- On others (Gross of Tax Deducted at source Rs. 5,788/- Previous Year Rs. NIL)	225,728	223,614
	4,764,867	6,459,167

Tarai Foods Limited

SCHEDULE 13: INCREASE / (DECREASE) IN INVENTORY

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Opening Stock	2,449,949	3,964,664
stock w/off		
Adjusted Stock	2,449,949	3,964,664
Closing Stock	1,182,242	2,449,949
Increase/(Decrease) in inventory	(1,267,707)	(1,514,715)

SCHEDULE 14: MATERIALS PURCHASED

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Raw Materials and Packing , store and spares	1,865,791	4,328,625
Purchase Finished Product	241,500	-
	2,107,291	4,328,625

SCHEDULE 15: PERSONNEL EXPENSES

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Salary & Wages	2,009,424	2,375,878
House Rent and other Allowances	322,347	305,208
Employer Contribution to Provident Fund	241,992	233,854
Leave Encashment	22,377	76,637
Medical Expenses	37,748	51,630
Staff Welfare	175,006	183,933
Staff Uniform	4,290	14,031
Ex-gratia/Bonus	150,886	143,130
Gratuity	157,672	389,651
	3,121,742	3,773,952

SCHEDULE 16: MARKETING EXPENSES

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Loading & Unloading Charges	194,303	256,949
Market Development Expenses	36,181	49,133
Freight Outward	351,315	441,175
Cold Store Hire charges	114,639	134,554
	696,438	881,811

Tarai Foods Limited

SCHEDULE 17: ADMINISTRATIVE EXPENSES

	31-Mar-11	31-Mar-10
	Rs.	Rs.
Traveling & Conveyance Expenses	153,059	208,842
Rent	148,494	132,720
General/Board meeting Expenses	5,162	3,860
Miscellaneous Expenses	40,029	175,719
Legal & Professional Charges	1,347,020	1,185,734
License & Filing Charges	34,403	84,382
Insurance	-	18,327
Repair & Maintenance - Office	140,903	53,337
Repair & Maintenance - Building	205,646	32,977
Repair & Maintenance - Plant & Machinery	1,189,254	3,188,189
Repair & Maintenance - Cold Store	47,574	89,372
Listing Fee & Expenses	66,180	70,031
Share Registrar Charges	58,243	52,944
Printing & Stationery	95,439	129,176
Telephone Charges	45,100	45,552
Postage Charges	91,936	98,068
Sales Tax Expenses	2,000	741
Debtors w/off	-	4,094
Advances w/off	-	18,402.00
	3,670,442	5,592,467

SCHEDULE 18: FINANCIAL CHARGES

	31-Mar-11	31-Mar-08
	Rs.	Rs.
Interest		
- Term Loan	-	-
- Others	57	276
Bank Charges	6,835	34,653
	6,892	34,929

TARAI FOODS LIMITED

SCHEDULE 19: STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. General:

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accounting principles of Going Concern and the Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

2. Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvement hereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. In accordance with AS 28, where there is any indication of impairment of the Company's assets related to cash generating unit, carrying amount of such assets are reviewed at Balance Sheet date.

Tarai Foods Limited

3. **Depreciation :**
Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956
4. **Revenue Recognition and Sales:**
Revenue on sale of goods is recognized on dispatch of goods to the parties. Sales are net of sales tax.
5. **Inventories :**
Inventories are valued at the lower of cost and net realizable value. In case of stores and spares and packing material and raw material, 'Specific Identification' method and for other inventories, FIFO method is used. In case of Finished Goods, cost includes an appropriate portion on allocable overheads.
6. **Employee Benefits:**
 - a. **Provident Fund:**
Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account as incurred.
 - b. **Gratuity**
The company provides for the liability on the balance sheet date and no actuarial valuation is done by them.
 - c. **Leave encashment/ Entitlement:**
The employees are entitled to accumulate leaves as per the rules of the Company. Leaves accruing within the year of termination/retirement along with the that of immediately preceeding year can be encashed at the time of retirement/ termination. Liability for the leave encashment is provided for on the basis of the eligible leaves at the close of the year.
7. **TAXATION**
Income Tax expenses comprise current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Laws). Deferred Tax on assets are recognized and carried forward only if there is a virtual/reasonable certainty of realization of such assets in near future and are reviewed for their appropriateness of respective carrying value at Balance Sheet date.
8. **Provisions, Contingent Liabilities and Contingent assets:**
Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities are disclosed in the notes to accounts and are determined based on the management perception that these liabilities are not likely to materialize. Contingent assets are not recognized or disclosed in the financial statements.

SCHEDULE 20: NOTES TO ACCOUNTS.

1. Contingent Liabilities not provided for :
 - a) in respect of demands against the company not admitted as debts regarding excise duty on unbranded French fries Rs.0.59lacs (previous Rs.0.59) – Matters under appeal hence interest on such demand not provided for.
 - b) in respect of demands against the company not admitted as debts regarding sales tax approx. Rs.0.39 lacs (previous period Rs.0.39lacs)
 - c) In respect of demands against the company not admitted as debts regarding Income Tax approx. Rs. 129.84 lacs (Previous Year Rs. 129.84 Lacs)
2. Accounts of certain debtors, loans and advances and creditors' balances are subject to confirmation. But the management is of the opinion that there would not be any material impact on the financial statements.
3. In the absence of any possibility of taxable profits in the near future, the company has not provided for Deferred Tax Asset as per AS-22. The company is not recognizing deferred tax assets in respect of huge unabsorbed depreciation and carried forward losses and other deferred tax assets as there is no certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
4. The company has raised invoice claims on Lamb Weston Inc. amounting to Rs.12.17 lacs during earlier years towards renting of cold storage, testing charges, custom duty and freight charges which are outstanding as at March 31,2011. These amounts are recoverable in foreign currency and are doubtful of recovery. Accordingly, provision for these amounts had already been made in these accounts in 1997-98
5. The company has written to the Bankers to transfer the moneys lying in the Unclaimed Application Money Refundable account to Investor Education And Protection Fund. Currently, the amount has been disclosed as Application money refundable under cash and bank balances and share application money refundable under current liabilities.

Tarai Foods Limited

6. Disclosure pursuant to Accounting Standard -29:
- | | Rs. In lacs | |
|--|-------------|--------------------|
| Provisions for doubtful debts | Debtors | Loans and Advances |
| Opening balance as on 01.04.10 | 11.43 | 6.71 |
| Provided /Utilised/ Reversed during the year | 5.95 | NIL |
| Closing balance as on 31.03.2011 | 5.48 | 6.71 |
7. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006. There are no micro and small enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. The above information pertaining to micro and small enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.
8. In respect of Accounting Standard 17 on "Segment Reporting", the Company is a single segment Company dealing in fresh, frozen and canned foods in accordance with the criteria for identification of reportable segment specified in the said standard.
9. Earnings per share

Particulars		2010-11 (Rs. In lacs)	2009-10 (Rs. In Lacs)
Numerator			
Net Loss as disclosed in Profit and Loss Account		(101.11)	(36.87)
Net Loss attributable to the Equity Shareholders		(94.99)	(36.87)
Denominator			
Weighted average Equity Shares	Nos.	14338117	14338117
Basic and Diluted EPS (face value of Rs. 10/- each)			
Before Exceptional Items		(0.71)	(0.26)
After Exceptional Items		(0.66)	(0.26)

10. Interest on term loan and working capital defaults have not been provided for in the books of accounts as the company has entered into negotiated settlement with the Financial Institutions and Banks. IFCI Ltd. and Standard Chartered Bank have revoked the negotiated settlement during the year but the company is hopeful to resettle the matters in the near future.
11. The net worth of the company is negative as at the Balance Sheet date. However accounts of the company have been prepared on going concern basis since the company is taking necessary steps for its revival. In case the company is unable to continue as going concern in future, the resultant adjustments, if any are presently not ascertainable.
12. Liabilities recognized in the Balance Sheet as on 31st March, 2011 with respect to gratuity is Rs. 4.39 Lacs (Previous year Rs. 3.90 lacs) and with respect to leave encashment/ entitlements Rs. 0.48 Lacs (Previous Year Rs. 0.65 lacs). While calculating gratuity, assumption has been made that discount rate and the salary escalation rate are 8% and 5% respectively.
13. The cold store building had suffered damages due to earthquake in March, 1999. The building requires major repairs in insulation and RCC works has to be repaired and substantial insulation will have to be re-done. The company had filed insurance claim with the National Insurance Co. in 2001 which remains unsettled till date.
14. The Company suffered loss on account of deterioration of stocks arising out of break down in Generating set and earthquake damages to the cold store building. Company had filed insurance claim with National Insurance Co. in 2001 for deterioration of stocks, machinery break down, for generator set and cold store building which are all pending till date.
15. The company has filed a case in Delhi High Court in 2004 (which is pending for adjudication) for losses on account of damages to the cold store, deterioration of stocks, machinery break down and consequential losses on account of losses and damages suffered due to inaction of the Insurance Authorities. The case has been admitted and the evidences are being taken up.
16. The company has been served with a statutory notice under section 13 (2) of Securitization and Reconstruction of the Financial assets and Enforcement of Securities Interest Act, 2002, by IDBI Bank Ltd. in 2007.

Tarai Foods Limited

17.1	Payment to Auditors	Year ended 31-03-2011 Rs.	Year ended 31/03/2010 Rs.
	Audit fee (Rattan Anil & Co.)	33,090	30,000
	Tax Audit Fee (R.L.Bansal & Associates)	6,000	6,000
	Total	39,090	36,000
II	Expenditure in foreign Currency (on Payment basis)	NIL	NIL
III	Value in imports calculated on CIF basis	NIL	NIL
IV	Earning in foreign Currency	NIL	NIL
V.	Consumption of raw material and stores etc.		

Year Ended 31/03/2011				Year ended 31/03/2010	
		Quantity (in MT)	Value (Rs. In lacs)	Quantity (in MT)	Value (Rs. In lacs)
i)	Sweet Corn	126	6.31	49	2.47
ii)	Others	-	13.44	-	38.26
			19.75		40.73

VI Value of Raw Materials, Stores and spares consumed.

		Year ended 31/03/2011		Year ended 31/03/2010	
		%	(Rs. in Lacs)	%	(Rs. in Lacs)
i)	Imported	-	-	-	-
ii)	Indigenous	100	19.75	100	40.73
	Total	100	19.75	100	40.73

VII	Licensed/ installed capacities (Tonnes per annum)	Licensed		Installed **	
		Year Ending 31-03-11	Year ending 31-03-2010	Year Ending 31-03-11	Year ending 31-03-2010
	Processing of Frozen French Fries, Vegetables And Fruits	10000	10000	7200	7200
** Installed capacity certified by the Management and not verified by the Auditors, being a technical matter.					

VIII	Production/ Purchase (MT Per annum)	Year ended 31/3/2011	Year ended 31/3/2010
	PRODUCTION		
i)	Frozen Sweet Corn	44	20
ii)	Frozen Peas	NIL	95
iii)	Fresh Mushrooms	40	43
iii)	Processing of Green peas	764	1797
	PURCHASE		
	Frozen Sweet Corn	8	NIL

IX	Finished goods	Year ended 31/3/11		Year ended 31/03/2010	
		Qty (in MT)	Value (Rs. in Lacs)	Qty (in MT)	Value (Rs. in Lacs)
	Opening Stock				

Tarai Foods Limited

Frozen Sweet Corn	2	0.39	65	9.91
Frozen Peas	22	6.56	63	13.28
Others	-	4.76	-	3.80
Closing Stock				
Frozen Sweet Corn	6	1.10	2	0.39
Frozen Peas	-	-	22	6.56
Others	-	0.24	-	4.76
Turnover				
Frozen Sweet Corn	44	18.74	56	22.80
Frozen Peas	21	5.94	122	53.38
Fresh Mushrooms	39	32.31	39	24.99
Others (including processing)	-	63.89	-	163.90
Written off/ sorting losses/ destruction				
Frozen Sweet Corn	4	-	28	-
Frozen Peas	1	-	14	-
18.	Previous year figures have been re-grouped/reclassified, wherever necessary to confirm to current year presentation.			

Information pursuant, to Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details		State Code	55
CIN No. L15142DL1990PLC039291			
Balance Sheet Date		March 31, 2011	
II. Capital Raised during the year (Amount)			
Public Issue	Rs. Nil	Right Issue	Rs. Nil
Bonus Issue	Rs. Nil	Private Placement	Rs. Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Thousand Rupees)			
Total Liabilities	Rupees	Total Assets	Rupees
Source of Funds			
Paid-up Capital	1,43,381	Reserves & Surplus	36,959
Secured Loans	4,94,725	Unsecured Loans	5,550
Application of Funds			
Net Fixed Assets	51,099	Investments	-
Capital work-in-progress (including Capital Advances)	1,269		
Net Current Assets	(6,348)	Misc. Expenditure	-
Accumulated Losses	6,34,595		

Tarai Foods Limited

IV. Performance of Company

Turnover	16,853	Total expenditure	26,957
Profit Before Tax	(10,104)	Profit After Tax	(10,104)
Earning per share	(0.70)	Dividend Rate (%)	Nil

V. Generic Names of Three Principal Products of Company (as per monetary terms)

Items Code No.	07-09	07-10	07-10
Product Description	Fresh Mushroom	Frozen Peas	Frozen Sweet Corn

CASH FLOW STATEMENT

(Prepared pursuant to Clause 32 of the Listing Agreement for the year ended March 31, 2011)

	For the Period 31st March, 2011	For the Period 31st March, 2010
A. Cash Flow from Operating Activities		
Net Loss Before Tax & Extraordinary Items	(9,493,113)	(3,687,105)
Adjustments for		
Depreciation	5,477,180	5,546,601
Loss on sale/disposals of Fixed asset		
Interest Expense	-	-
Debtors Written Off	-	4,094
Advances Written Off	-	18,402
Creditors written back	-	(5,329)
Operating Profit/ (Loss) before Working Capital Changes	(4,015,933)	1,876,663
Adjustment for		
Trade & Other Recievables	3,607,093	4,967,890
Loans and Advances	(304,354)	774,827
Inventories	1,267,707	1,514,714
Trade Payables	1,158,674	3,164,043
Cash Generated from operations	1,713,189	12,298,137
Interest Paid	-	-
Taxes Paid	-	-
Net Cash from Operating Activities (A)	1,713,189	12,298,137
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(11,733)	(364,358)
Addition in Capital W-I-P	-	-
Investment in Fixed Deposits	-	-
Interest Recieved	-	-
Sale of Investments	-	-
Cash Flow before Extraordinary Items	(11,733)	(364,358)
Adjustments for Extraordinary Items	(611,787)	-
Net Cash used in Investing Activities (B)	(623,520)	(364,358)

Tarai Foods Limited

C. Cash Flow From Financing Activities

Proceeds from Issue of Share Capital & Share Premium	-	-
Increase in unsecured loans	-	3,500,000
Increase in Cash Credits from Banks	-	-
Proceeds from Long Term Borrowings	-	-
Repayment to Financial Institutions	(3,270,000)	(14,300,000)
Repayment of Finance Lease Liabilities	-	-
Cash Flow before Extraordinary Items	(3,270,000)	(10,800,000)
Adjustments for Extraordinary Items	-	-
Net Cash used in Financing Activities (C)	(3,270,000)	(10,800,000)
Net Increase in Cash & Cash Equivalents (A+B+C)	(2,180,331)	1,133,779
Cash & Cash Equivalents as at the beginning of the period(note below)	3,660,480	2,526,701
Cash & Cash Equivalents as at the close of the period.(note below)	1,480,150	3,660,480
	(2,180,331)	1,133,779
Cash & Cash Equivalents including		
-Cash in hand	74,214	1,092,732
-Balances with Scheduled Banks	1,013,315	2,192,202
-Fixed Deposit with Bank	167,075	150,000
Share application money refundable	225,546	225,546
Total	1,480,150	3,660,480

Note: Previous period figures have been regrouped/reclassified, wherever necessary to conform to current year presentation.

For and on behalf of the Board

Sd/-

G.S. SANDHU

Managing Director

for TARAI FOODS LIMITED

AUDITORS' CERTIFICATE

The above Cash Flow Statement has been compiled from and is based on the audited accounts of Tarai Foods Limited for the year ended 31st March, 2011 reported upon by us on May 30, 2011. According to the informations and explanations given the aforesaid Cash Flow Statement has been prepared pursuant to Clause 32 of the Listing Agreements with the Stock Exchanges and the reallocations required for the purpose are as made by the company.

Sd/-

Rattan Bansal

Partner

Membership No.083929

For and on behalf of

Rattan Anil & Co.

Chartered Accountants

Firm Regn. No. : 009414N

Place : Rudrapur

Date: 30th May, 2011