

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	TARAI FOODS LIMITED
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit qualification	Except for the effects of the matters described in the Basis for Qualified Opinion Paragraph point 1 and 2 (PAGE 17), Emphasis of Matter Point 1 (Not a qualification) (PAGE 17) and Qualification Note 9 (a) to Annexure to Auditors' Report (PAGE 18)
4	Frequency of qualification	<ol style="list-style-type: none"> 1. Basis for Qualified Opinion Paragraph point 1 and 2 – Appearing since 2000-01 for around 13 years. 2. Paragraph on Emphasis of Matter Point 1: Since 2009-2010 for around 4 years. 3. Note 9(a) to Annexure to Auditors' Report: The company has not been regular in depositing Provident Fund consistently year after another.
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in Directors Report	<p>THE FOLLOWING ARE THE MANAGEMENT'S RESPONSE TO THE QUALIFICATIONS IN THE AUDITORS' REPORT APPEARING IN DIRECTORS' REPORT ON PAGE 9 OF THE ANNUAL REPORT:</p> <p>Auditor's Responsibility Statement read with Clause 12 on Note 22: The company has been repairing the plant on regular basis depending on the liquidity position as per the need of the hour. Extensive repairs are made to the plant and plant & machineries every year. The company has also filed a case with the High Court on Insurance Company towards this claim.</p> <p>Auditor's responsibility Statement read with Clause 9 on Note 22: The company had entered into settlement with secured lenders and part payments have already been made to these lenders as per the terms of the settlement in the earlier years. Although all the secured lenders have already revoked the sanctioned Settlement. But the company has approached</p>



them again and is hopeful to clear the default as per the negotiated settlement. As per the discussions on the settlements, the interest are not payable to them on the original liability and Current provision of Interest due to the secured lenders along with Principal amount due to them at Rs. 4,26,314,829/- (after taking into consideration the payment made towards the negotiated settlement) as per Books of Accounts is more than the settlement amount discussed with these lenders and in view of this, there is no fresh provision of interest made for the year under review in the Books of Accounts. Complete details have been provided in the clause 09 on note 22 which is self explanatory.

Auditor's responsibility Statement read with

Clause 10 on Note 22: The company has approached the secured lenders for resettlement and payment of Rs. 2,05,70,000/- was made in earlier years to these secured lenders towards the negotiated settlement which stand revoked as on date. On fully settling the dues of the secured lenders as per the settlement, the company will be able to come out of the negative networth and also revive its operations fully. The company has also diversified in the field of Mushroom growing in artificially controlled temperature and is hopeful of revival of its operations fully.

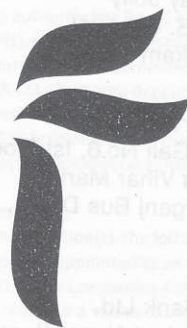
Point No. 9 to the Annexure to the Auditor's Report:

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



		<p>the Provident Fund dues. The company is hopeful to clear the entire dues in the near future.</p> <p>The company has outstanding dues of around Rs. 8.18 lacs towards the sales tax liabilities (excluding those which have been appealed against), out of which sales tax demand of Rs. 7.30 lacs has been raised on account of late issue of Form F by the VAT Authorities at the branch. The company has taken up the steps to approach the relevant Authorities (including filing of appeal) for cancellation of this demand. Rest of the Sales Tax demand of Rs. 3.26 lacs has not been paid due to adverse liquidity position. The company is hopeful to clear the dues soon.</p> <p>Other points are self explanatory as given in various clauses on Note 22.</p>
6	<p>To be signed by-</p> <p>Managing Director (Mr.G.S.Sandhu)</p> <p>Chief Financial Officer cum Executive Whole Time Director (Dr. R.P.Singh)</p> <p>Auditor of the Company</p> <p>AUDIT COMMITTEE CHAIRMAN</p>	<p><i>L. Jolly</i></p> <p>For Taran Foods Ltd.</p> <p><i>R. P. Singh</i></p> <p>For RATTAN ANIL & CO. Chartered Accountants</p> <p><i>Rattan Bansal</i> 26/8/2014</p> <p>Rattan Bansal Partner Membership No.: 083929 Firm Regn. No.: 009414N</p> <p>For Taran Foods Ltd.</p> <p><i>Vijay Jolly</i></p> <p>Mr. Vijay Jolly Chairman -Audit Committee</p>

TARAI FOODS LIMITED



Tarai

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24th ANNUAL REPORT 2013-2014

Tarai Foods Limited

TARAI FOODS LIMITED

Board of Directors

CI	Mr. Gurprit Singh Sandhu	(Managing Director)
Na	Mrs. Kiran Sandhu	(Director)
Re	Dr. R.P. Singh	(Executive whole time Director)
	Mr. Vijay Jolly	(Director)
	Mr. M.S. Garewal	(Director)
	Mr. Hakam Singh	(Additional Director)

Na	
Re	Audit Committee, Investors
E-n	Grievances Committee & Remuneration
Fol	& Recruitment Committee
DP	

Mrs Kiran Sandhu
Mr. Vijay Jolly
Mr. M.S. Garewal
Mr. Hakam Singh

I/W

1. Auditors

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

2.

Bankers

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

as m

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New

Resol

1. T

Regd. Office

13, Hanuman Road,
Connaught Place
New Delhi-110001

2. T

a

3. T

Head Office : (Plant)

Village Fazilpur Meharola
Rudrapur
Distt. Udham Singh Nagar,
Uttarakhand

4. Ap

5. Ap

6. Ap

7. Ap

8. To

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

9. Sel

Signed t

Signatur

Signatur

ISIN No.

INE906C01016

**Note: Th
Company**

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Tarai Foods Limited

CIN: L15142DL1990PLC039291

Regd. Office: 13, Hanuman Road, Connaught Place, New Delhi- 110001 Phone: 011-32629838

Fax: 011-23341697, Website: www.taraifoods.com, Email ID: taraifoods@gmail.com

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of Tarai Foods Limited will be held on Monday, the 29th day of September, 2014 at 09.30 A.M at Elcina House, 422, Okhla Industrial Estate, Phase-III, New Delhi- 110020 to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2014 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
"RESOLVED THAT the Audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the Financial Year ended 31st March 2014 together with the Directors' Report and Auditors' Report thereon be and are hereby received, considered and adopted."
2. To appoint a Director in place of Ms. Kiran Sandhu, who retires by rotation and being eligible, offers herself for re-appointment.
"RESOLVED THAT Ms. Kiran Sandhu (DIN: 00053876) who retires by rotation, and being eligible, offers herself for re-appointment be and is hereby re-appointed as Director".
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 pursuant to the provisions of Section 139 of the Companies Act, 2013 read with section 141 of the Companies Act, 2013 & other applicable provisions, if any, 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 for the financial year 2014-15 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

AS SPECIAL BUSINESS:

4. **Appointment of Mr. Hakam Singh as Director of the Company:**
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary resolution**:
"RESOLVED THAT Mr. Hakam Singh (DIN: 06786586) who was appointed as an Additional Director of the Company with effect from 13th January, 2014 by the Board of Directors pursuant to Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice alongwith the required deposit amount, from himself proposing his candidature for the office of Director under section 160 of the Companies Act, 2013, be and is hereby appointed as Director of the Company, liable to retire by rotation."
5. **Appointment of Mr. Vijay Jolly as an Independent Director of the Company.**
To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Vijay Jolly (DIN: 00080354), an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and whose term of office was liable to be determined by retirement of director by rotation, be and is hereby appointed as an Independent Director of the Company pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 & Schedule IV read with relevant rules made thereunder, with effect from 1st April 2014 for a period of five years, who shall not liable to retire by rotation."
6. **Appointment of Mr. Melvinder Singh Garewal as an Independent Director of the Company.**
To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Melvinder Singh Garewal (DIN: 06525633), an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and whose term of office was liable to be determined by retirement of director by rotation, be and is hereby appointed as an Independent Director of the Company pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 & Schedule IV read with relevant rules made thereunder, with effect from 1st April 2014 for a period of five years, who shall not liable to retire by rotation."
7. **Appointment of Mr. Hakam Singh as an Independent Director of the Company.**
To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Hakam Singh (DIN: 06786586), an Independent Director of the Company pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and whose term of office was liable to be determined by retirement of director by rotation, be and is hereby appointed as an Independent Director of the Company pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 & Schedule IV read with relevant rules made thereunder, with effect from 1st April 2014 for a period of five years, who shall not liable to retire by rotation."
8. **To approve the remuneration of the Cost Auditors for the financial year 2014-15:**
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, if any, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s Neeraj Sharma & Co., Cost Accountants (FRN: 100466) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15, be paid the remuneration of Rs. 20,000/- (Rupees Twenty Thousand Only)."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
9. **Sell or otherwise dispose of the undertaking:**
To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

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"RESOLVED THAT pursuant to the provisions of section 180(1)(a) read with Section 110 of the Companies Act, 2013 (as amended or re-enacted from time to time) and other applicable provisions if any the approval of the members of the Company be and is hereby accorded to the Board to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) on such terms and conditions at such time(s) and in such form and manner, and in consideration of such financial assistance from such institutions / persons / bodies corporate as may be determined by the Board of Directors in the interests of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

By order of the Board
For Tarai Foods Limited

Sd/-

Dr. R. P. Singh, Executive Whole Time Director

DIN: 03615102

Address: 1/3/3 Phoolbagh Pant Nagar, Udham Singh Nagar, 263145, Uttarakhand.

Place: Rudrapur
Date: 14/08/2014

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. In terms of Section 102(1) (a) and (b), none of the Directors, Key Managerial Persons or their relatives have any concern, financial or otherwise and does not have any conflict of interest in Item No. 4 to Item No. 9 except where if expressed under each of the items in the explanatory statement.
3. Explanatory Statements in respect of items (including the ones for items of Special Business under Section 102 of the Companies Act, 2013) are annexed herewith.
4. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
5. In case of joint holders attending the Meeting, only such a joint holder who is higher in the order of names will be entitled to vote.
6. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. For the convenience of the Members, attendance slip is enclosed elsewhere in the Annual Report. Members/Proxy Holders/Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue of the AGM. Proxy/Authorized Representatives of a member should state on the attendance slip as 'Proxy or Authorized Representative' as the case may be.
8. The Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the financial year ended on that date are enclosed.
9. In terms of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013, Ms. Kiran Sandhu, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. The Board of Directors of the Company commends her respective re-appointment. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges of person seeking re-appointment as director under Item No. 2 are annexed herewith.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 09.30A.M. to 5:00 P.M. and upto the date of the Meeting.
11. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 27th September, 2014 to Monday, 29th September, 2014 (both days inclusive) in connection with the ensuing Annual General Meeting and for purpose of determining the entitlement of dividend, if any, declared by the Company.
12. The Company has designated an exclusive e-mail ID called grvnecs.tfl@gmail.com for redressal of shareholders'/investors' complaints /grievances. In case you have any queries / complaints or grievances, then please write to us at the above email address.
13. Members holding shares in electronic form may please note that the bank account details and 9 digit MICR code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company.

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15. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. 2BV in their own interest. Blank form can be had from Beetal Financial & computer Sciences (P) Ltd. on request. Members holding shares in dematerialized form may contact their respective DP's for registration of nomination.
16. Members holding physical shares in multiple folios in identical name are requested to send their share certificates to Company's Registrar and Share Transfer Agent, M/s Beetal Financial and Computer Services (P) Ltd. for consolidation.
17. The Copies of the Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
18. In case of any query, Members are requested to send the same to the Company Secretary atleast 10 days before the date of the meeting so that information can be made available at the meeting.
19. Members are requested to note that no GIFT will be distributed at the meeting.
20. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
21. The entire Annual Report is also available at the Company's Website www.taraifoods.com.
22. As per Section 101(1) read with Rule 18 of the Companies (Management and Administration) Rules, 2014 on Green initiative, the Company will send Annual Report along with other documents through emails to all members, who have registered their email address with the depository and physical hard copies will be dispatched to others. In case any member desires to get hard copy of Annual Report, they can write to Company at registered office address or email at grvnces.tfl@gmail.com.
23. In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (the Rules), the Items of Business given in AGM Notice may be transacted through electronic voting system and the Company is providing e-voting facility to the members who are the members as on 22/08/2014 (End of Day) being the "Record Date" fixed for the purpose, to exercise their right to vote at the 24th AGM by electronic means through the e-voting platform provided by Central Depository Services India Ltd. (CDSL).
24. The process of e-voting shall be as follows:

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on 23rd September, 2014 at 10:00A.M. and ends on 25th September, 2014 at 6:00P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22/08/2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha -numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

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		(viii)	After entering these details appropriately, click on "SUBMIT" tab.
		(xi)	Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
		(x)	For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
CIN		(xi)	Click on the EVSN for the relevant Tarai Foods Limited on which you choose to vote.
Na		(xii)	On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting.
Reg			Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
		(xiii)	Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
Na		(xiv)	After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
Reg		(xv)	Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
E-r		(xvi)	You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
Foli		(xvii)	If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
DP		(xviii)	Note for Non-Individual Shareholders & Custodians:
			<ul style="list-style-type: none"> Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
I/W		(xix)	In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com
1.		25.	The Company has appointed Mr. Santosh Kumar Pradhan, Practicing Company Secretaries as the Scrutinizer for conducting the e-voting process, postal ballot and the process of Poll in the Annual General Meeting in a fair and transparent manner.
		26.	The Poll Papers will be distributed at the venue of the AGM for voting by those members who have not voted through E-voting. Further, please note that Item No. 9 of the attached Notice is a compulsory item for Postal Ballot and hence the item No. 9 shall not be considered for Poll in the Annual General Meeting.
as n		27.	The results of voting shall be declared by the Chairman of the meeting on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.taraifoods.com and will be communicated to the BSE & NSE and also on the website of CDSL
com		28.	Pursuant to Clause 49 (IV) (G) of the Listing Agreement, the details of Directors seeking appointment/re-appointment in the Annual General Meeting scheduled on Monday September 29th, 2014 are as below:
New		a.	Brief profile of Ms. Kiran Sandhu, Director, recommended for re-appointment:
Reso			Ms. Kiran Sandhu, aged 65 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.
1.			Ms. Kiran Sandhu is on the Board of Tarai Farmlands Pvt. Ltd. and Suraiya Exports Pvt. Ltd. She is the member of Audit Committee, Remuneration & recruitment Committee and Investors' / Shareholders' Grievance Committee of the Company.
			None of the directors except Ms. 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 re-appointment.
4.		b.	Brief profile of Mr. Hakam Singh, recommended for appointment as Director & fixing the term as Independent Director:
5.			He has rich experience of over 30 years in the refrigeration systems like Air Conditioning Equipment, KC-72 & KC-Series Compressing, Chilling Plant, Boilers, Frick India refrigeration system and all type of Cummins Engine, D.G.set, French Fry & Fruits Vegetables Processing Freezing line
6.			Production & recruitment Committee and Investors' / Shareholders' Grievance Committee of the Company.
7.			Mushroom & its canning, vegetable processing of Snow Pea, Peas, Sweet corn, Baby Corn, Strawberry, Spinach, Cauliflower, Carrot etc by I.Q.F
8.			system, quality control of raw material & finished product.
9.			He is holding NIL shares of the Company.
Signer		c.	Brief profile of Mr. Vijay Jolly to be appointed as an Independent Director of the Company:
			Mr. Vijay Jolly is a retired Naval Officer from the Executive Branch of Indian Navy. He has rich experience in running Holiday Resort and is associated with various projects in the field of Electronics.
Signat			Mr. Vijay Jolly is on the Board of Obex India Pvt. Ltd. and TVJ Steels Private Limited. He is the member of Audit Committee, Remuneration & recruitment Committee and Investors' / Shareholders' Grievance Committee of the Company.
Signat			He is holding NIL shares of the Company.

Note:
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Tarai Foods Limited

d. Brief profile of Mr. Melvinder Singh Garewal to be appointed as an Independent Director of the Company:

Mr. Melvinder Singh Garewal is retired wing commandor-Air Force and has reached experience in farming. He is holding NIL shares of the Company.

By order of the Board
For Tarai Foods Limited

Sd/-

Dr. R. P. Singh, Executive Whole Time Director

DIN: 03615102

Address: I/3/3 Phoolbagh Pant Nagar, Udham Singh Nagar, 263145, Uttarakhand.

Place: Rudrapur

Date: 14/08/2014

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 4:

The Board of Directors of the Company appointed Mr. Hakam Singh as an Additional Director of the Company w.e.f 13th January, 2014 in the capacity of the Independent director as per the Clause 49 of the Listing agreement. In accordance with the provisions of Section 161 of the Companies Act, 2013) read with Article of Association of the Company, Mr. Hakam Singh holds office up to the date of this Annual General Meeting of the Company.

Your Board considers that his continued association with the Company would be of immense benefit to the Company. In view thereof, your Board has recommended him to be appointed as the Director of the Company. The Company has received a notice in writing from himself alongwith the deposit of requisite amount under Section 160 of the Act proposing the ratification of Mr. Hakam Singh as Director in the Annual General Meeting of the Company.

The proposed resolution does not relate to or affect the business interest of any other Company in which the Promoter, Director, Manager or Key Managerial Personnel have substantial interest.

None of the Directors, Key Managerial Personnel & Relatives of these persons except Mr. Hakam Singh is interested in the proposed resolution.

The directors recommend the said resolution for the approval of the members of the Company.

ITEM NO. 5, 6 & 7:

The Board of Directors of the Company comprises three independent directors Mr. Vijay Jolly, Mr. Melvinder Singh Garewal, Mr. Hakam Singh who were appointed pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Section 149(4) of the Companies Act, 2013 states that every listed public company shall have at least one-third of the total number of directors as Independent Directors. Section 149(5) also provides that every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules in this regard as may be applicable; comply with the requirements of the provisions of sub-section (4). Section 149 (10) of the Companies Act, 2013, inter alia, provides that subject to the provisions of Section 152, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company. It is further clarified in the proviso to sub-sections (10) and (11) of Section 149 of the Act that, any tenure of an Independent Director on the date of commencement of this Act shall not be counted as a term under those sub-sections (10) and (11).

Your Board is of the opinion that the above mentioned 3 Independent Directors fulfill the conditions specified in the Act for appointment as Independent Directors of the Company and the proposed Directors are independent of the Management of the Company and fulfills the conditions specified in the Act and rules made thereunder. Details in respect of these three Directors, who are proposed to be appointed as Independent Directors, are furnished in the Note No. 29 of this Notice. All the three directors are eminent personalities in their respective fields. Your Board considers that their continued association with the Company would be of immense benefit to the Company. In view thereof, your Board has recommended them to be classified as Independent Directors.

Accordingly, your Board has recommended for approval of the shareholders by way of ordinary resolution, under item nos. 5 to 7 of the accompanying notice, the classification of the aforementioned Directors also as an Independent Directors pursuant to Section 149 of the Companies Act, 2013 read with Rules made thereunder, with their respective term of Office to be for a period of five years with effect from 1st April 2014.

The Company has received notices in writing from themselves/members' alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of directors Mr. Vijay Jolly, Mr. Melvinder Singh Garewal, Mr. Hakam Singh for their respective appointment as an Independent Director of the Company.

Copy of the draft letters for appointment of directors Mr. Vijay Jolly, Mr. Melvinder Singh Garewal, Mr. Hakam Singh as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges

The proposed resolution does not relate to or affect the business interest of any other Company in which the Promoter, Director, Manager or Key Managerial Personnel have substantial interest.

Mr. Vijay Jolly, Mr. Melvinder Singh Garewal, & Mr. Hakam Singh and their relatives are interested in the resolutions set out respectively at Item Nos. 5 to 7 of the Notice with regard to their respective appointments.

Save as the above, none of the other Directors/ Key managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The directors recommend the said resolution for the approval of the members of the Company.

ITEM NO. 8.

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors- M/s. Neeraj Sharma & Co., Cost Accountants (FRN: 100466) to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at an Annual Fee of Rs. 20,000/- (Rupees Twenty Thousand Only).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Tarai Foods Limited

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15
The proposed resolution does not relate to or affect the business interest of any other Company in which the Promoter, Director, Manager or Key Managerial Personnel have substantial interest.
None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.
The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

ITEM NO. 9:

The Section 180(1)(a) of the Companies Act, 2013 provides the power to the Board of Directors of the Company to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking including slump sale by the Company. Further, the assistances from the institutions / banks provided / agreed to be provided to the Company have to be secured by the mortgage and charge of the assets of the Company, both present and future and the whole of the undertaking of the Company.

The Company therefore requires the approval of the Members of the Company to sell whole or part of the undertaking of the Company under Section 180(1)(a) of the Companies Act, 2013.

The proposed resolution does not relate to or affect the business interest of any other Company in which the Promoter, Director, Manager or Key Managerial Personnel have substantial interest.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the said Resolution for approval of the shareholders by way of Special Resolution through Postal Ballot.

By order of the Board
For Tarai Foods Limited

Place: Rudrapur
Date: 14/08/2014

Sd/-
Dr. R.P. Singh
Executive Whole Time Director
DIN: 03615102
Address: I/3/3 Phoolbagh Pant Nagar, Udham Singh Nagar,
263145, Uttarakhand.

Tarai Foods Limited

CIN: L15142DL1990PLC039291

Regd. Office: 13, Hanuman Road, Connaught Place, New Delhi- 110001 Phone: 011-32629838
Fax: 011-23341697, Website: www.taraifoods.com, Email ID: taraifoods@gmail.com

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional Slip on request.

Master Folio No. _____ No. of Shares held _____

Name of Shareholder _____

Address _____

I hereby record my presence at the 24th Annual General Meeting of the Company held on Monday, 29th September, 2014, at 9.30 A.M. at Elcina House, 422, Okhla Industrial Estate, New Delhi-110020

(Signature of the Shareholder or Proxy*)

* Strike out whichever is not applicable.

IMPORTANT

Shareholders may please note that No Coupons / Gifts will be-distributed at or before the Meeting.

Tarai Foods Limited

DIRECTORS' REPORT

Dear Members, Your Directors present the 24th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS:

Particulars	For the period ended 31-03-2014	For the period ended 31-03-2013 (Rupees in Lacs)
Gross Revenue	196	168
Operating Profit before Interest, Financial Charges and Depreciation	(6)	20
Less: Interest and Finance Charges	0.20	0.17
Profit/(Loss) before Depreciation	(6)	20
Less: Depreciation	51	55
Profit/(Loss) for the year	(57)	(35)
Extra Ordinary Items	0	598
Net Profit/(Loss) for the year	(57)	564
Less: Provision for Tax	0	0.00
Net Profit/(Loss) after Taxation	(57)	564

REVIEW OF OPERATION:

The company has incurred the net loss of Rs. 57 lacs as compared to the loss of Rs. 35 Lacs incurred during the previous year. However, the gross revenue of the Company has increased to Rs. 196 Lacs as compared to Rs. 168 Lacs in the previous year. The Mushroom sales went down as compared to previous years sale but Frozen Peas turnover showed improvement.

In the year under review, the company has diversified into Mushroom growing in artificially controlled temperature setting. This year the company has processed 56 tonnes of Frozen Peas, processed small quantities of Frozen sweet corn to cater to the Institutional Market. Your Directors are hopeful of expanding the Mushroom capacities in near future to nearly 1 ton a day and also capture the mushroom market in a big way.

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

i. Industry structure and developments.

Indian food processing industry is widely recognized as a sunrise industry, having huge potential for uplifting agricultural economy, creating of large scale processed food manufacturing and food chain facilities and the resultant generation of employment and export earnings. Indian food industry is expected to grow to US\$ 280 billion by 2015 and generate an additional employment for approximately 8.2 million people. The Indian food industry which presently stands at close to US\$ 135 billion with a CAGR of 10 per cent, is expected to touch US\$ 200 billion by 2015. The food processing industry in India attracted foreign direct investments (FDI) worth US\$ 5,793.95 million during the period April 2000–March 2014, according to data published by Department of Industrial Policy and Promotion (DIPP).

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

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

ii. Opportunities and Threats.

Opportunities

Foods and vegetables - fast growing sector

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

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

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

Tarai Foods Limited

Mushrooms:

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

Strength:-

Mushrooms are grown seasonally as well as state-of-art environment controlled Crop room in the commercial units. It is highly labour oriented venture and labour availability is no constraint in the vicinity of **Tarai Foods** and two factors that is availabilities of raw materials and labour make mushroom growing economically profitable in this region. Moreover, **Tarai foods Ltd. Rudrapur** is located in the bowl of raw materials like Wheat Straw, Sugar cane Bagasse & Chicken Manure required for composting. Besides, the moderate climate of the Tarai region is well suited to mushroom production as temperature does not as high alike other parts of the country. Awareness about food and medicinal values of mushrooms increasing quantitative use of mushrooms in the country thus creating better market for a product like fresh and processed mushrooms. There is increasing market for post harvest products like pickles or soup powder of mushrooms.

Threats

■ Uncontrolled price structure

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

■ High transportation charges:

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

■ Commercial rate of electricity tariff:

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

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

● High cost of energy tariff for year round production though the mushrooms have been included as one of the agricultural crops.

● Unorganized production and sale particularly by seasonal farmers resulting in glut in market during winter months. This results in price cut in the period.

● Lack of modern facilities to produce quality compost, casing material spawn and processed products. TFL is going to improve its facilities in this regard. To address these risks, the Company has a single point source supplier of Frozen/IQF (Individually Quick Frozen products to the customers as per their requirements with high quality products at a lower cost. Though the competition is fierce, the goodwill and the quality of the products offered by the Company are great plus factors and the Company expects to overcome the competition. The Company had expanded its product line both horizontally as well as vertically.

iii. Product-wise performance.

Processed Foods

■ Fresh Mushrooms

■ Frozen Sweet Corn

■ Frozen Peas

■ Mushroom Spawn

Product-wise performance Sale of Finished Goods

Description	Current Year		Previous Year	
	Qty. (in MTs)	Value (in Rs. In lacs)	Qty. (in MTs)	Value (in Rs. In Lacs)
Fresh Mushrooms	88.32	96.91	115	116.30
Frozen Peas	230.12	82.66	86	31.83
Frozen Sweet Corn	15.38	7.04	15	6.19
Mushroom Spawn	5	4.06	15	11.20

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

The overall current year's production and realizations in Frozen Vegetable category have improved in the current year as compared to the previous year, but Company is hopeful to continue with the increasing trends.

iv. Outlook

Food Processing Industry is of enormous significance for India's development because of the vital linkages and synergies that it promote 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.

Tarai Foods Limited

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 | 3. Superior processing technology |
| 2. Product range that is customized to suit local market requirements. | 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 2014, the total numbers of permanent employees in the Company were 15.

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

STATUS OF MAJOR LITIGATION:

During the year under review, IFCI Ltd. has filed winding up petition in Delhi High Court u/s 433 (e) and 434 of the Companies Act, 1956 which is being contested by the Company. A counter claim of Rs. 55.33 Crores has been filed by the company against IFCI Ltd.

DIVIDEND:

The Company has incurred losses during the year under review and no dividend is recommended for declaration for the year ended 31st March, 2014.

AUDITORS:

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

The Company has received a written consent to act as the auditor and Certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

DIRECTORS COMMENT ON AUDITOR'S QUALIFICATION:

Auditor's Responsibility Statement read with Clause 12 on Note 22: The company has been repairing the plant on regular basis depending on the liquidity position as per the need of the hour. Extensive repairs are made to the plant and plant & machineries every year. The company has also filed a case with the High Court on Insurance Company towards this claim.

Auditor's responsibility Statement read with Clause 9 on Note 22: The company had entered into settlement with secured lenders and part payments have already been made to these lenders as per the terms of the settlement in the earlier years. Although all the secured lenders have already revoked the sanctioned Settlement. But the company has approached them again and is hopeful to clear the default as per the negotiated settlement. As per the discussions on the settlements, the interest are not payable to them on the original liability and Current provision of Interest due to the secured lenders along with Principal amount due to them at Rs. 4,26,314,829/- (after taking into consideration the payment made towards the negotiated settlement) as per Books of Accounts is more than the settlement amount discussed with these lenders and in view of this, there is no fresh provision of interest made for the year under review in the Books of Accounts. Complete details have been provided in the clause 09 on note 22 which is self explanatory.

Auditor's responsibility Statement read with Clause 10 on Note 22: The company has approached the secured lenders for resettlement and payment of Rs. 2,05,70,000/- was made in earlier years to these secured lenders towards the negotiated settlement which stand revoked as on date. On fully settling the dues of the secured lenders as per the settlement, the company will be able to come out of the negative network and also revive its operations fully. The company has also diversified in the field of Mushroom growing in artificially controlled temperature and is hopeful of revival of its operations fully.

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

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

Tarai Foods Limited

The company has outstanding dues of around Rs. 8.18 lacs towards the sales tax liabilities (excluding those which have been appealed against), out of which sales tax demand of Rs. 7.30 lacs has been raised on account of late issue of Form F by the VAT Authorities at the branch. The company has taken up the steps to approach the relevant Authorities (including filing of appeal) for cancellation of this demand. Rest of the Sales Tax demand of Rs. 3.26 lacs has not been paid due to adverse liquidity position. The company is hopeful to clear the dues soon. Other points are self explanatory as given in various clauses on Note 22.

COST AUDITORS:

The Board of Directors of the Company has appointed M/s. Neeraj Sharma & Co., Cost Accountants having FRN 100466 in place of M/s. V.K. Dubey Company, Cost Accountants, as the Cost Auditor for conducting the Cost Audit of the Company for the financial year 2014-15. The Audit Committee of the company have recommended for their appointment in accordance with Cost Audit Rules 2011 and relevant notification issued by the Ministry of Corporate Affairs.

DIRECTORS:

The Board of Directors of the Company is duly constituted. During the year under review Mr. Hakam Singh was appointed as an Additional Director of the Company w.e.f. 13th January, 2014 and is proposed to be regularized in the ensuing Annual General Meeting of the Company.

Ms. Kiran Sandhu, who has been appointed as Director of the Company retires by rotation and being eligible, offers herself for the re-appointment. Mr. R.P. Singh was appointed as a whole time director of the Company effective from 1st July, 2013 in the board meeting held on 25th June, 2013. Further he was also appointed as the Chief Financial Officer (CFO) of the Company in the board meeting held on 30th May, 2014.

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 during the period under review.

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.

CAPITAL STRUCTURE & STOCK EXCHANGE LISTING:

As on 31st March, 2014 the Company has the Authorised Share Capital of Rs. 335,000,000/- and the paid up share capital of Rs. 143,381,200/- The shares of your Company are presently listed at The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. The Company has paid the up-to-date listing fee to the Bombay Stock Exchange.

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

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

CASH FLOW ANALYSIS:

In compliance with the provisions of Clause 32 of the Listing agreement, the Cash Flow Statement for the year ended 31st March, 2014 is annexed hereto.

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

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

Your Directors hereby state that:

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

APPRECIATION:

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

For and on behalf of the Board of Directors

Place: Rudrapur
Date: 14/08/2014

Sd/-
Dr. R.P. Singh (Executive) Whole Time Director
DIN: 03615102
Add: I/3/3 Phoolbagh, Pant Nagar,
Udham Singh Nagar, 263145, Uttarakhand.

Sd/-
Vijay Jolly (Director)
DIN: 00080354
Add: 180, Dayanand
Vihar, New Delhi, 110092

Tarai Foods Limited

Annexure-1 Conservation of Energy: FORM A

A. Power and Fuel Consumption:

1. Electricity		
	Year ended 31 st March, 2014	Year ended 31 st March, 2013
(a) Purchased		
Units	1062551	1319560
Total Amount	5485156	6306741
Rate/unit	5.16	4.78
Own Generation (i) Through diesel generator		
Units generated	81000	45,000
Units per ltr. of Diesel Oil	3	3.75
Cost/units	18.08	13.40

B. Consumption per unit of Production:

	Standards (if any)	Year ended 31 st March, 2014	Year ended 31 st March, 2013
Electricity (Units) per Kg.	—	6.26	2.90

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:

Validation of a formulation for compost preparation was carried out in the year 2014. Formulation chosen for the composting consisted of wheat straw, Chicken manure(80 %), Gypsum (9.5 %), Urea (1 %) and Cotton seed cake(2 %). Validated recent formulation gave significantly higher yield comparing earlier formulation. The present formulation is comparatively cost effective also. Application of validated formulation is presently going on. 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 16-19 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

Place: Rudrapur
Date: 14/08/2014

Sd/-
Dr. R.P. Singh (Executive) Whole Time Director
DIN: 03615102
Add: I/3/3 Phoolbagh, Pant Nagar,
Udham Singh Nagar, 263145, Uttarakhand.

Sd/-
Vijay Jolly (Director)
DIN: 00080354
Add: 180, Dayanand
Vihar, New Delhi, 110092

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.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

The Board of directors of the Company consists of 5 directors whose category, attendance in Board meetings and in last AGM is as follows:

Tarai Foods Limited

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. Gurpreet Singh Sandhu	PD & Managing Director	ED	Present	6	4	Director in Tarai Farmlands Pvt. Ltd., *Tarai Agro Industries Ltd., Suraiya Exports Pvt. Ltd.	NIL
2.	Mrs. Kiran Sandhu	PD	NED	Absent	6	5	Director in Tarai Farmlands Pvt. Ltd., *Tarai Agro Industries Ltd., Suraiya Exports Pvt. Ltd.	NIL
3.	Mr. Vijay Jolly	NPD	NED/ID	Present	6	6	Director in Obex India Pvt. Ltd, *Sensei Car Services Limited, TVJ Steels Pvt. Ltd. _default status	NIL
4.	Mr. Rampyare Singh	NPD	**ED	Present	6	6	NIL	NIL
5.	**Mr. Melvinder Singh	NPD	NED/ID	Absent	6	6	NIL	NIL
	Garewal							
6.	***Mr. Hakam Singh Saini	NPD	NED/ID	N.A	6	1	NIL	NIL

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

- CFO- Chief Financial Officer
- * 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.

**Mr. Melvinder Singh Garewal was appointed as an Independent Director & Additional Director in the Board Meeting held on 13/03/2013 and his appointment was ratified by the members in the Annual General Meeting held on 30th September, 2013.

*** Mr. Hakam Singh Saini was appointed as an additional director of the Company w.e.f 13th January, 2014.

a) Details of Board Meetings held during the year:

During the year under review, 6 (Six) 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
30/05/2013	5	5
25/06/2013	5	5
14/08/2013	5	4
26/08/2013	5	3
14/11/2013	5	5
14/02/2014	6	6

3. AUDIT COMMITTEE:

During the financial year 2013-2014, the Members of the Audit Committee met 5 (Five) times. The dates of the meetings were 29/05/2013, 24/06/2013, 12/08/2013, 13/11/2013 and 12/02/2014.

a) Composition of Committee and attendance of members:

SI. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	*Mr. Vijay Jolly	Chairman	NED/ID	5	5
2.	Mrs. Kiran Sandhu	Member	NED	5	4
3.	**Mr. M.S. Garewal	Member	NED/ID	5	5
4.	**Mr. Hakam Singh Saini	Member	NED/ID	-	-

*Mr. Vijay Jolly having the requisite qualification as required under Clause 49 (II) of the Listing Agreement is the Chairman of the Audit Committee.

** Mr. M.S. Garewal was inducted as a member in the Audit Committee in the Board Meeting held on 25th June, 2013.

***Mr. Hakam Singh was inducted as a member in the Audit Committee in the Board Meeting held on 14th February, 2014.

a) Terms of reference:

- To review the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering the independence and effectiveness;

Tarai Foods Limited

- 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 2013-14 Members of the Remuneration & Recruitment Committee met 4 (Four) times. The dates of the meetings were 29/05/2013, 24/06/2013, 13/08/2013 and 13/11/2013.

a) Composition of Committee and attendance of members:

SI. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	*Mr. Vijay Jolly	Chairman	NED/ID	4	4
2.	Mrs. Kiran Sandhu	Member	NED	4	3
3.	**Mr. M.S. Garewal	Member	NED/ID	4	4
4.	**Mr. Hakam Singh	Member	NED/ID	-	-

* Mr. Vijay Jolly was appointed as the Chairman of the Remuneration & Recruitment Committee in the Board Meeting held on 25th June, 2013.

** Mr. M.S. Garewal was inducted as a member in the Audit Committee in the Board Meeting held on 25th June, 2013.

*** Mr. Hakam Singh was inducted as a member in the Audit Committee in the Board Meeting held on 14th February, 2014.

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:

Mr. R.P. Singh was appointed as a whole time director effective from 1st July, 2013 in the Board Meeting held on 25th June, 2013. However, no remuneration is being paid to him during the year under review.

5. INVESTORS'/SHAREHOLDERS' GRIEVANCES COMMITTEE

During the financial year 2013-2014, Members of the Investors'/Shareholders' Grievance Committee met 4 (Four) times. The dates of the meetings were 29/05/2013, 24/06/2013, 13/08/2013 and 13/11/2013.

a) Composition of Committee and attendance of members:

SI. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	*Mr. Vijay Jolly	Chairman	NED/ID	4	4
2.	Mrs. Kiran Sandhu	Member	NED	4	3
3.	**Mr. M.S. Garewal	Member	NED/ID	4	4
4.	**Mr. Hakam Singh	Member	NED/ID	-	-

* Mr. Vijay Jolly was appointed as the Chairman of the Remuneration & Recruitment Committee in the Board Meeting held on 25th June, 2013.

** Mr. M.S. Garewal was inducted as a member in the Audit Committee in the Board Meeting held on 25th June, 2013.

*** Mr. Hakam Singh Saini was inducted as a member in the Audit Committee in the Board Meeting held on 14th February, 2014.

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

- v) - 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 :

Particulars	FY 2010-11	FY 2011-2012	FY 2012-13
Date & Time	July 20, 2011 9:30 A.M.	September 29, 2012 9:30 A.M.	September 30, 2013 9.30A.M
Venue	Elcina House, 422, Okhla Industrial Estate, New Delhi - 110 020	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:
No special resolution was passed in the previous 3 AGMs.
- 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 were proposed to be conducted through postal ballot:
N. A.
- Procedure for postal ballot:
N. A.

Tarai Foods Limited

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 :
N.A.
- 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 Financial Express (English & Hindi), The Pioneer (English and Hindi), Naya India (Hindi) & Haribhomi (Hindi). The Company maintains a web-site www.taraifoods.com. 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 : 29th September, 2014 at 09.30 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 27th September, 2014 to 29th September 2014 (both days inclusive).
- d) **Dividend payment date :**
N.A.
- e) **Stock Exchange Listing:**
The shares of your Company are listed at The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. The Company has paid the up-to-date listing fee to the Bombay Stock Exchange.
- 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-13	3.50	2.47
May-13	4.36	3.65
Jun-13	5.18	4.35
Jul-13	5.60	5.16
Aug-13	5.33	4.58
Sep-13	5.00	4.53
Oct-13	5.19	4.31
Nov-13	5.71	5.44
Dec-13	--	--
Jan-14	5.98	5.43
Feb-14	5.69	5.16
Mar-14	5.12	3.71

- 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- 110 062.
- 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 31.03.2014:**

Sr. No.	Category	No. of Shares	% of Holding
A. 1.	Promoters' Holding:		
	Promoters	19,26,862	10.87
	Indian Promoters	63,28,100	35.70
	Foreign Promoters	NIL	NIL
2.	Persons Acting In Concert	82,54,962	46.57
	Sub- Total		

Tarai Foods Limited

B.	Non Promoters' Holding		
3.	Institutional Investors:		
a.	Mutual Funds & UTI	12,900	.07
b.	Banks, F Is, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	20,300	.11
c.	Foreign Institutional Investors	NIL	NIL
	Sub- Total	33,200	.18
4.	Others		
a.	Private Corporate Bodies	36,03,964	20.32
b.	Indian Public	55,17,130	31.12
c.	NRIs/OCBs	3,18,864	1.8
d.	Any Other (Clearing Members Demat Transit)		
	GRAND TOTAL	1,77,28,120	100

I Distribution of Shareholding by size as on 31.03.2014:

Sr. No.	Shares	No. of shareholders	No. of shares	% to the total shares
1.	Up to 5,000	14,997	21,52,628	12.14
2.	5,001 to 10,000	653	5,63,578	3.17
3.	10,001 To 20,000	270	4,21,782	2.37
4.	20,001 To 30,000	102	2,58,700	1.46
5.	30,001 To 40,000	36	1,29,946	0.73
6.	40,001 To 50,000	65	3,10,779	1.75
7.	50,000 To 1,00,000	63	4,67,064	2.63
8.	1,00,001 And Above	56	1,34,23,643	75.72
	TOTAL	16,242	1,77,28,120	100

m) Dematerialization of Shares & Liquidity:

As on 31st March, 2014, 1,15,29,369 equity shares, representing 65.03% of Total Equity Capital is held in demat form with the NSDL & CDSL.

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

N. A.

o) Plant Location:

Village: Fazilpur-Mehrola, Rudrapur,
Dist.: Udham Singh Nagar, Uttarakhand.

p) Address for Correspondence:

13, Hanuman Road, Connaught Place, New Delhi- 110001

For and on behalf of the Board of Directors

Sd/-

Dr. R.P. Singh (Executive) Whole Time Director
DIN: 03615102

Add: I/3/3 Phoolbagh, Pant Nagar,
Udham Singh Nagar, 263145, Uttarakhand.

Sd/-

Vijay Jolly (Director)
DIN: 00080354

Add: 180, Dayanand
Vihar, New Delhi, 110092

Place: Rudrapur
Date: 14/08/2014

Tarai Foods Limited

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 31st March 2014 as stipulated Clause 49 of the Listed Agreement of the said company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations' was limited to procedures a implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an nor an expression of opinion on the financial statements 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 company has complied with t conditions of Corporate Governance as stipulated in the above mentioned Listed Agreement.

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

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

For RATTAN ANIL & C
Chartered Accountant

Place : Rudrapur

Date : 30-05-2014

Sd/

Rattan Ban

Partn

Membership No.: 0839

Firm Regn. No.: 009414

CEO/ CFO certification

We, Mr. G. S. Sandhu, Managing Director (DIN: 00053527) and Mr. R.P. Singh, Whole Time Director (DIN: 03615102) & CFO of Tarai Foods Limit having registered office 6, Hanuman Road, Connaught Place, New Delhi shall certify to the Board to the best of our knowledge & belief that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standard applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
- c. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date : 14th August, 2014

Place : Rudrapur

Sd/-

GURPRIT. S. SANDHU
MANAGING DIRECTOR
DIN: 00053527

Sd/-

RAMPYARE SINGH
CHIEF FINANCIAL OFFICER & WHOLE TIME
EXECUTIVE DIRECTOR
DIN: 03615102

Note
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Tarai Foods Limited

Independent Auditor's Report To the Members of TARAI FOODS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TARAI FOODS LIMITED ("the Company") which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion:

1. Clause 12 on Note 22 regarding damage to the cold store building.
2. Clause 9 on Note 22 regarding interest on Term Loan and working capital default not provided for.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the statement of profit and loss, of the losses for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to—

1. Clause 10 on Note 22 of the Financial Statement with regard to continued losses and negative net worth. 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.

Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- b. On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Sd/-

For RATTAN ANIL & CO.

Chartered Accountants (Firm Regn. No.:009414N)

Rattan Bansal

Partner (Membership No.:083929)

Place: Rudrapur / Date: 30th May 2014

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, 2014)

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 4 iii (b), iii(c) and iii (d) of the said order are not applicable.
- b) The company. has taken interest free unsecured loans from the Managing Director in earlier years and a company covered in the register maintained u/s 301 of the Act in the current year as well as 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 2014	Terms of the Loan
1	Mr. G.S. Sandhu	Nil	Rs.112.50 Lacs	Rs. 112.50 Lacs	Unsecured interest free and repayable on demand
2	Tarai Farmlands Pvt. Ltd.	Rs.10 lacs	Rs. 40 Lacs	Rs. 40 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 within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
7. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business,
8. We have broadly reviewed the Books of Accounts maintained by the Company in respect of the products where pursuant to the rules made by the Central Government of India, the maintenance of cost records have been prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that , prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of such records with a view to determine whether they are accurate and complete.
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. Undisputed statutory dues of provident fund of current year under review and of earlier years and sales tax of earlier years have not been deposited and there have been serious delays in many cases.. Provident Fund amounting to Rs. 18.53 lacs (including of earlier years) and sales tax of earlier years amounting to Rs. 8.18 lacs has not been deposited with the Authorities after they have become due. However, provision for provident Fund and sales Tax Liability have been made in Books of Accounts in the earlier years. 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, 2014 for a period of more than six months from the date of becoming payable.
 - b) As at 31st March, 2014 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:

Tarai Foods Limited

Name of the Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to which dues relate	Forum where the dispute is pending
Cantral Sales Tax Act and the Local Sales Tax Act	Sales Tax Sales Tax	Rs. 0.32 Rs. 2.38	2000- 2001 2006-2007	Appellate Authority – Upto Commissioner's Level
Central Excise Act	Excise Duty	Rs. 0.59	1999- 2000	Appellate Authority – Upto Commissioner's Level
The Income Tax Act, 1961	Income Tax	Rs. 129.84	Ass. Yr. 1996-97	Appellate Authority- ITAT and High COurt

10. The company has accumulated losses which has eroded the network fully and has incurred cash Loss during the current financial year covered by our audit and has not incurred cash loss 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 fifteen years to the tune of Rs. 465 lacs towards principal amount As per the books of accounts maintained by the Company, the default of unpaid interest to the secured lenders is approx. Rs. 40 crores as on 31.03.2014.
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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Place : Rudrapur
Date : 30th May 2014

For RATTAN ANIL & CO.
Chartered Accountants
Firm Regn. No.: 009414N
Sd/-
Rattan Bansal
Partner
Membership No.: 083929

Tarai Foods Limited

TARAI FOODS LIMITED

AUDITED BALANCE SHEET AS AT 31ST MARCH, 2014

	Notes	AS AT 31-Mar-14 Rs.	AS AT 31-Mar-13 Rs.
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1	143,381,200	143,381,200
Reserves & Surplus	2	(556,998,256)	(551,276,660)
		<u>(413,617,056)</u>	<u>(407,895,460)</u>
NON CURRENT LIABILITIES			
Long Term Borrowings	3	426,314,829	426,314,829
Deferred Tax Liability (Net)	4	0	0
Other Long Term Liabilities	5	15,250,000	14,250,000
Long Term Provisions		<u>747,797</u>	<u>535,439</u>
		<u>442,312,626</u>	<u>441,100,268</u>
CURRENT LIABILITIES			
Short Term Borrowings	6	0	0
Trade Payables	7	13,193,922	12,376,163
Other Current Liabilities	8	3,551,127	6,153,579
Short Term Provisions		<u>247,987</u>	<u>173,226</u>
		<u>16,993,036</u>	<u>18,702,968</u>
		<u>45,688,606</u>	<u>51,907,777</u>
ASSETS			
NON CURRENT ASSETS			
a.) FIXED ASSETS	9	35,120,451	40,237,176
-- Tangible Assets		0	0
-- Intangible Assets		1,946,126	1,269,336
-- Capital Work-in- Progress		<u>37,066,577</u>	<u>41,506,512</u>
b.) Non Current Investments		0	0
c.) Deferred Tax Assets (Net)		0	0
d.) Long term loans and advances		0	0
e.) Other non-current assets		0	0
CURRENT ASSETS			
(a) Current investments	10	0	0
(b) Inventories	11	3,629,149	4,431,085
(c) Trade receivables	12	201,919	395,919
(d) Cash and cash equivalents	13	424,704	1,283,441
(e) Short-term loans and advances		<u>4,366,253</u>	<u>4,290,816</u>
(f) Other current assets		0	0
		<u>8,622,024</u>	<u>10,401,262</u>
		<u>45,688,606</u>	<u>51,907,777</u>

The accompanying notes 1 to 22 are an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date

FOR & ON BEHALF OF THE BOARD

Sd/-
Rattan Bansal
Partner
Membership No.083929
For and on behalf of
M/s. Rattan Anil & Co.
Chartered Accountants
Firm Regn. No. : 009414N

Sd/-
HAKAM SINGH SAINI
DIRECTOR
DIN No: 06786586

Sd/-
Dr. R.P. Singh
EXECUTIVE DIRECTOR & CFO
DIN No: 03615102

Place : Rudrapur
Date : 30.05.2014

Tarai Foods Limited

TARAI FOODS LIMITED

AUDITED PROFIT & LOSS ACCOUNT STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Notes	For the year ended 31-Mar-14	For the year ended 31-Mar-13
		Rs.	Rs.
INCOME			
Net Revenue from Operations	14	19,532,643	16,807,632
Other Income	15	66,201	40,730
		19,598,844	16,848,362
EXPENSES			
Cost of Materials consumed	16	4,895,454	4,821,310
Purchase of Stock in Trade		283,552	63000.00
Changes in inventories of Finished Goods and stock-in-Trade	17	1,047,727	(3,847,964)
Employee Benefit Expenses	18	2,418,314	2,187,675
Finance Cost	19	19,867	16,816
Depreciation and Amortization expenses	9	5,116,725	5,482,966
Other Expenses	20	11,538,801	11,604,904
Total Expenses		25,320,440	20,328,707
(LOSS)/ PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		(5,721,596)	(3,480,345)
EXCEPTIONAL ITEMS		0	0
PROFIT/ (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX		(5,721,596)	(3,480,345)
Extra Ordinary Items /prior year expenses		0	(59,842,783)
PROFIT/ (LOSS) BEFORE TAX		(5,721,596)	56,362,438
Tax expenses		0	0
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(5,721,596)	56,362,438
PROFIT/ (LOSS) FROM DISCONTINUING OPERATIONS		0	0
Tax Expenses of Discontinuing operations		0	0
Profit/(loss) from Discontinuing Operations (after Tax)		0	0
Profit / (Loss) for the Period		(5,721,596)	56,362,438
Loss brought forward from previous year		588,235,971	644,598,409
LOSS TRANSFERED TO BALANCE SHEET		(593,957,566)	(588,235,971)
Earning Per Share before Extra Ordinary Items			
Basic and Diluted EPS		(0.40)	(0.24)
Earning Per Share after Extra Ordinary Items			
Basic and Diluted EPS		(0.40)	3.93

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

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

FOR & ON BEHALF OF THE BOARD

Sd/-
Rattan Bansal
Partner
Membership No.083929
For and on behalf of
M/s. Rattan Anil & Co.
Chartered Accountants
Firm Regn. No. : 009414N

Sd/-
HAKAM SINGH SAINI
DIRECTOR
DIN No: 06786586

Sd/-
Dr. R.P. Singh
EXECUTIVE DIRECTOR & CFO
DIN No: 03615102

Place : RUDRAPUR
Date : 30.05.2014

NOTE 1: SHARE CAPITAL

	31-Mar-14	31-Mar-13
	Rs.	Rs.
AUTHORISED CAPITAL:		
32,000,000 Equity Shares of Rs. 10/- each (32,000,000)	320,000,000	320,000,000
150,000 (last year 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		
17,728,120 Equity Shares of Rs. 10 each , fully called up (previous year 17728120 Equity Shares)	177,281,200	177,281,200
LESS: Calls in arrears-	33,900,000	33,900,000
-- By directors and officers Rs. 1.03 cr. (PY Rs. 1.03 crs.)		
-- By others Rs. 2.364 crs.(PY Rs. 2.364 crs.)		
	143,381,200	143,381,200

Tarai Foods Limited

A.) The details of the Shareholders holding more than 5% shares:

Name of the Shareholders	As at 31.03.2014		As at 31.03.13	
	No. of Shares	% held	No. of Shares	% held
Galway Investments Pvt. Ltd.	6328100	35.70%	6328100	35.70%
G.S. Sandhu	1658562	9.36%	1658562	9.36%
Arihant Technology Pvt. Ltd.	1000000	5.64%	1000000	5.64%
Sunbright Foods Pvt. Ltd.	1000000	5.64%	1000000	5.64%

B.) The reconciliation of the number of shares outstanding is set out below:

Particulars	31-Mar-14	31-Mar-13
	No. of Shares	No. of Shares
Equity Shares at the beginning of the Year	17,728,120	17,728,120
Add: Share issued during the year	0	0
Less: Shares cancelled	0	0
Equity Shares at the end of the Year	17,728,120	17,728,120

C.) Terms/ rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of Equity share is entitled to one vote per share. The dividends, if and when declared, is declared and paid in Indian Rupees. The Board of Directors have neither declared nor proposed any Dividend. In the event of Liquidation of the Company, the Equity holders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, and in the proportion to the number of Equity shares held by them.

NOTE 2: RESERVES & SURPLUS

	31-Mar-14	31-Mar-13
	Rs.	Rs.
RESERVES AND SURPLUS		
Share Premium Reserve		
At the beginning and at the end of the year	36,959,311	36,959,311
SURPLUS		
Debit Balance in profit & Loss A/c.		
As per Last Balance Sheet	(588,235,971)	(644,598,409)
Add: losses for the Year	(5,721,596)	56,362,438
At the end of the Year	(593,957,567)	(588,235,971)
TOTAL	(556,998,256)	(551,276,660)

NOTE 3: LONG TERM BORROWINGS:

Refer Note no.: 22 (9)	31-Mar-14	31-Mar-13
	Rs.	Rs.
Secured:		
TERM LOAN FROM FIS AND BANKS:		
- 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
Less: Repayments under negotiated settlement	20,070,000	20,070,000
* 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, and guaranteed by the promoters of the Company as per the terms of the agreement.		
All these term loans are overdue for repayment.		
These are further secured by Personal Guarantee of Mr. G.S. Sandhu (Director) and Mr. Bhooi.		
	426,314,829	426,314,829

NOTE 4: OTHER LONG TERM BORROWINGS:

	31-Mar-14	31-Mar-13
	Rs.	Rs.
UNSECURED LOANS:		
- From Others		
- From Directors	11,250,000	11,250,000
- From others#	4,000,000	3,000,000
# Includes unsecured loan from a Company listed in the Register maintained u/s 301 of the Companies Act, 1956.	15,250,000	14,250,000

NOTE 5: LONG TERM PROVISIONS

(Refer Note No. 21 (6) and 22(11))		
PROVISION FOR EMPLOYEE BENEFITS		
- Provision for Gratuity (unfunded)	660,925	473,017
- Provision for Earned Leaves (unfunded)	86,872	62,422
	747,797	535,439

Tarai Foods Limited

NOTE 6 : TRADE PAYABLES

(Refer note no.: 22(6))

Sundry Creditors- Due to Others

- Due to Micro, small and Medium Enterprises

13,193,922	12,376,163
0	0
13,193,922	12,376,163

NOTE 7: OTHER CURRENT LIABILITIES

UNSECURED:

Security deposits

Other Payables:

Advances from Customers

Expenses Payable

Other Statutory Dues

104,700	104,700
116,896	2,551,796
905,823	895,528
2,423,708	2,601,555
3,446,427	6,048,879
3,551,127	6,153,579

NOTE 8 : SHORT TERM PROVISIONS

(Refer Note no. 21(6) and 22 (11))

Current Portion of Long Term Employee Benefits:

- Provision for Gratuity (UNFUNDED)

- Provision for Earned Leaves (UNFUNDED)

216,048	149,329
31,939	23,897
247,987	173,226

NOTE 9: FIXED ASSETS (Refer Note nos. 21 (2) and 21(3) and Note No. 22 (12))

Particulars	GROSS BLOCK			As at 31-Mar-14	DEPRECIATION			As at 31-Mar-14	NET BLOCK	
	As at 1-Apr-13	Additions during The Year	Sale/ Adjustment		As at 1-Apr-13	For the Year	on Sale / Adjustments		As at 31-Mar-14	As at 31-Mar-12
TANGIBLE ASSETS:										
Land	11,083,208	-	-	11,083,208	-	-	-	-	11,083,208	11,083,208
Approach Road	918,569	-	-	918,569	299,478	14,973	-	314,451	604,118	619,091
Building	34,362,362	-	-	34,362,362	18,011,756	1,147,703	-	19,159,459	15,202,902	16,350,606
Plant & Machinery	84,874,760	-	-	84,874,760	72,869,927	3,953,812	-	76,823,739	8,051,019	12,004,833
Furniture & Fixtures	1,583,047	-	-	1,583,047	1,581,237	-	-	1,581,237	1,810	1,810
Office Equipments	6,315,089	-	-	6,315,089	6,140,637	-	-	6,140,637	174,452	174,452
Vehicle	679,561	-	-	679,561	676,384	237	-	676,621	2,940	3,176
Total	139,816,595	-	-	139,816,595	99,579,418	5,116,725	-	104,696,145	35,120,451	40,237,176
Total	139,700,833	98,403	-	139,799,236	88,601,631	5,494,821	-	94,096,454		
CAPITAL WIP	1,269,337	676,790	-	1,946,127					1,946,127	1,269,337
									37,066,578	41,506,513

NOTE 10: INVENTORY

(Refer Note no. 21 (5))

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Raw Material	203,990	1,260
W.I.P.	967,798	721,202
Finished Goods	1,975,734	3,270,058
Stores & Spares	212,058	178,340
Fuel, Oil and Lubricants	139,601	42,537
Packing Material	129,967	217,689
	3,629,149	4,431,085

NOTE 11: TRADE RECEIVABLES

(Refer Note no. 22 (2), 22 (4) and 22 (5))

(All the trade receivables are Unsecured)

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Debts outstanding for a period over six months :		
- Unsecured but considered good	31,181	177,900
- Unsecured and considered doubtful	579,118	612,868
Others :		
- Unsecured but considered good	138,520	152,051
- Unsecured and considered doubtful	0	0
Less : Provision for doubtful debts	546,900	546,900
	201,919	395,919

Tarai Foods Limited

NOTE 12: CASH & CASH EQUIVALENTS

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Balances With Banks In Current Accounts	186,757	1,071,133
Cheques/ Drafts on Hand	0	0
Cash on Hand	33,046	23,613
Fixed Deposit with Bank #	204,901	188,695
	424,704	1,283,441

Fixed Deposit with Banks includes deposit of Rs.NIL (Previous Year Rs. NIL) with maturity of more than 12 months.

NOTE 13: SHORT TERM LOANS AND ADVANCES

(Refer Note No. 22 (5))

All are unsecured and Considered Good except as mentioned otherwise	31-Mar-14	31-Mar-13
	Rs.	Rs.
A.) Loan and Advances to Related Parties	0.00	0.00
B.) Loan and Advances to Others: (Unsecured and considered Good)		
For a Period over Six Months		
Advances recoverable in cash or in kind or for value to be received		
- Unsecured but considered good	0	0
- Unsecured and considered doubtful	670,500	670,500
With Statutory Authorities: Unsecured and considered good		
- Balance with Income Tax Authorities	2,941,628	2,935,008
- Balance with Sales Tax Authority	114,388	90,583
- Balance with Custom Duty and Excise Duty	100	100
VAT ON INPUT	188,422	188,422
Deposits	679,358	635,983
Others#	442,357	440,720
Less Provision for doubtful Advances	670,500	670,500
# Includes Advances to Sundry Creditors		
(Advance include amount due from Directors/ Officers of the Company Rs. Nil /- Previous Year Rs NIL)		

(Maximum advance due during the year Rs.0 lacs /- Previous Year Rs.0.08 lacs)

4,366,253 **4,290,816**

Note 14: REVENUE FROM OPERATIONS

(Refer Note No.: 21 (4))

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Sale of Products	19,067,010	16,762,525
Sale of services	300,000	0
Other Operating Revenues	165,633.07	45,107
	19,532,643	16,807,632
Less: Exise Duty/service tax	0	0
	19,532,643	16,807,632

Note 15: OTHER INCOME

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Interest Income on Fixed and security deposits	66,201	40,730
Other interest Income		
	66,201	40,730

NOTE 16: COST OF MATERIALS CONSUMED

	31.03.2014		31-Mar-13	
	Amt. in Rs.	% of Consumption	Amt. in Rs.	% of Consumption
Imported	0	0	0	0
Indegenous	4895454	100	4821310	100
	4895454	100	4821310	100

CONSUMPTION OF RAW MATERIAL:

	31.03.2014		31-Mar-13	
	Qty (in MT)	Value (In Rs.)	Qty (in MT)	Value (In Rs.)
Wheat Straw	349	1,690,055	209	819643
Farmyard Manure	192	100,299	185	102083
Poultry Manure	283	354,886	176	195160
Sweet Corn	12	59,950	28	140000
Raw Peas	155	1,326,723	739	2653218
Misc.(Spawm, Gypsum, coir pith, chemicals,cotton rolls etc.		1,363,541		911206
		4,895,454		4,821,310

Tarai Foods Limited

NOTE 17: INCREASE / (DECREASE) IN INVENTORY

	31-Mar-14	31-Mar-13
Opening Stock	Rs.	Rs.
stock w/off	3,991,259	143,295
Adjusted Stock	0	0
Closing Stock	3,991,259	143,295
Increase/(Decrease) in inventory	2,943,532	3,991,259
	1,047,727	(3,847,964)

NOTE 18: EMPLOYEE BENEFIT EXPENSES

	31-Mar-14	31-Mar-13
Salaries and Wages		
Contribution to Provident and other fund	2,156,800.00	1,915,641.00
Expenses on ESOP and ESPP	188,945.00	181,567.00
Staff Welfare Expenses	0.00	0.00
	72,569.00	90,467.00
	2,418,314.00	2,187,675.00

NOTE 19: FINANCE COST

(Refer Note No. 22 (9))

	31-Mar-13	31-Mar-13
Interest expense:	Rs.	Rs.
- Term Loan		
- Others	0	0.00
- Bank Charges	9,265	905.00
Other Borrowing Costs	10,602	15,911.00
	0	0
	19,867	16,816

NOTE 20 : OTHER EXPENSES

MANUFACTURING EXPENSES

Consumption of Stores, spares and packing material		
Fuel, Power & Water	529,365	344,246
Repairs to Building	7,657,238	7,719,442
Repairs to Machinery	5,365	13,428
Repair & Maintenance - Cold Store	712,756	874,529
	6,217	29,714
	8,910,941	8,981,359

MARKETING EXPENSES

Loading & Unloading Charges		
Freight Outward	11,074	76,987
Cold Store Hire charges	103,340	97,583
	119,572	69,174
	233,986	243,744

ADMINISTRATIVE EXPENSES

Traveling & Conveyance Expenses		
Rent	124,949	118,515
General/Board meeting Expenses	202,800	176,000
Miscellaneous Expenses	5,194	4,494
Legal & Professional Charges	69,598	151,940
License & Filing Charges	1,433,057	1,299,749
Insurance	56,644	31,174
Repair & Maintenance - Office	0	0
Listing Fee & Expenses	85,591	170,648
Share Registrar Charges	78,652	79,852
Printing & Stationery	53,932	53,932
Telephone Charges	139,183	132,416
Postage Charges	50,439	56,930
Sales Tax Expenses	93,265	91,976
Amounts w/off	500	500
Debtors w/off	70	1,558.00
	0	10,117.00
	2,393,874	2,379,801

TOTAL

A+B+C

11,538,801 11,604,904

Tarai Foods Limited

Note 21: 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.

Capital Work-In-Process is carried at cost, comprising direct cost, related incidental expenses, if any to the extent they relate to the period till assets are ready for intended use.

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 transfer of risks and reward which generally coincide with dispatch of goods to the parties. Sales are net of value added tax.

5. Inventories:

- a. Finished Goods are valued at the lower of cost and net realizable value. Cost for this purpose includes direct cost and an appropriate portion of allocable overheads.
- b. W.I.P. is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- c. In case of stores and spares and packing material and raw material, 'Specific Identification' method and for other inventories, FIFO method is used.

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 and Leave Encashment entitlement:

The company's liability towards the Gratuity and Leave Encashment is accounted for on the basis of actuarial valuation done at the year end and is charged to Statement of Profit and Loss.

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.

Note 22: ADDITIONAL NOTES TO FINANCIAL STATEMENT

1. Contingent Liabilities and commitments:

Contingent Liabilities not acknowledged as debts:

- a) 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) regarding Income Tax approx. Rs. 129.84 lacs (Previous Year Rs. 129.84 Lacs)
2. The confirmation, reconciliation and adjustment of balances pertaining to trade receivables and payables, loans and advances and capital advances is an ongoing process. As regards the outstanding trade receivables, loans and advances and capital advances, the significant portion of these are independently verified and the company is of the opinion that the same are fully recoverable and consequential adjustments and provisioning, if any, are not likely to be material given the nature and size of its operation.
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 had 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, 2014. 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. Disclosure pursuant to Accounting Standard -29: Rs. In lacs

	Debtors	Loans and Advances
Provisions for doubtful debts		
Opening balance as on 01.04.13	5.47	6.71
Provided /Utilised/ Reversed during the year	NIL	NIL
Closing balance as on 31.03.2014	5.47	6.71

Tarai Foods Limited

6. 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, 2014. 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.
7. 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.
8. Earnings per share

Particulars		2013-14 (Rs. In lacs)	2012-13 (Rs. In Lacs)
Numerator			
Net Loss before Exceptional Items		(58.44)	(34.80)
Net Loss After Exceptional Items		(58.44)	(34.80)
Denominator			
Weighted average Equity Shares Basic and Diluted EPS	Nos.	14338117	14338117
(face value of Rs. 10/- each)			
Before Exceptional Items		(0.41)	(0.24)
After Exceptional Items		(0.41)	(0.24)

9. Interest on secured term loans with the secured lenders have not been provided for in the books of accounts as the company had entered into negotiated settlement with the Secured Lenders - Financial Institutions in 2009-10. The company made a payment of Rs.2 crs. towards the said settlement in subsequent years as part of the settlement but defaulted in the payment of further installments. All 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. 39.99 crs. due to the secured lenders along with Principal amount of Rs. 4.65 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.
10. 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.
11. Liabilities recognized in the Balance Sheet as on 31st March, 2014 with respect to gratuity is Rs. 8.77 Lacs (Previous year Rs. 6.22 lacs) and with respect to leave encashment/entitlements Rs. 1.19 Lacs (Previous Year Rs. 0.86 lacs) as per the Actuarial Valuation. The following table set out the status of the Gratuity plan as required under AS-15. Reconciliation of the opening and closing value of the defined benefit obligation- Gratuity Plan and Leave Encashment.

		GRATUITY PLAN		LEAVE ENCASHMENT	
Sr. No.	Components of Employers Expenses	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
1.	Current Service Cost	69,858	48,408	13,454	20,377
2.	Interest Cost	49,788	58,100	6,906	7,774
3.	Net Actuarial (gain)/ loss recognized in the period	1,34,981	(37,657)	12,132	(12,422)
4.	Expenses Recognized in the statement of Profit & Loss	2,54,627	68,851	32,492	15,729
Sr. No.	Net Assets/ (Liability) recognized in Balance Sheet	2014	2013	2014	2013
1.	Present Value of defined Benefit obligation	8,76,973	6,22,346	1,18,811	86,319
2.	Fair Value of Assets of Plan	--	--	--	--
3.	Status {(Deficit)/ Surplus}	(8,76,973)	(6,22,346)	(1,18,811)	(86,319)
4.	Net Asset/ (Liability) recognized in Balance Sheet	(8,76,973)	(6,22,346)	(1,18,811)	(86,319)
a.	Current	(2,16,048)	(1,49,329)	(31,939)	(23,897)
b.	Non- Current	(6,60,925)	(4,73,017)	(86,872)	(62,422)

Tarai Foods Limited

Sr. No.	Change in Present Value of Obligations during the Year	2014	2013	2014	2013
1.	Present Value of the Obligation at the Beginning of the Year	6,22,346	6,75,580	86,319	90,391
2.	Current Service Cost	69,858	48,408	13,454	20,377
3.	Interest Cost	49,788	58,100	6,906	7,774
4.	Curtailement Cost/(Credit)	--	--	--	--
5.	Settlement Cost/(Credit)	--	--	--	--
6.	Plan Amendments	--	--	--	--
7.	Acquisitions	--	--	--	--
8.	Actuarial (Gains)/Losses	1,34,981	(37,657)	12,132	(12,422)
9.	Benefits paid	NIL	(1,22,085)	NIL	(19,801)

12. 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.
13. 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.
14. The company has filed a case in Delhi High Court in 2004 for losses on account of damages to the cold store, deterioration of stocks, machinery break down. The case has been admitted and the evidences are being taken up.
15. 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.
16. IFCI issued a Notice under section 13(2) of SARFAESI Act, 2002 on 06.07.2011 upon the Company, took over the possession of the secured assets of the Company on 04.02.2012 under SARFAESI Act and issued a notice dtd. 7th February, 2012 u/s 13 (4) of the SARFAESI Act, 2002 having obtained consent from all secured lenders.
IFCI Ltd. has served a notice dtd 15th February, 2013 through their advocates u/s 433 (e) and 434 of the Companies Act, 1956 for winding up of the company.

17. Particulars

VALUE OF IMPORTS ON CIF BASIS ON RAW MATERIAL, COMPONENTS, SPARE PARTS AND CAPITAL GOODS

PAYMENT TO AUDITORS AS:

-- AUDIT FEES (RATTAN ANIL & CO.)
 -- TAX AUDIT FEES (R.L. BANSAL & ASSOCIATES)
 -- FOR COMPANY LAW MATTERS, MANAGEMENT AND OTHER SERVICES-- REIMBURSEMENTS
 TOTAL

EXPENDITURE IN FOREIGN CURRENCY ON ROYALTY, KNOWHOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST AND OTHER MATTERS AMOUNT REMITTED IN FOREIGN CURRENCY ON DIVIDEND

EARNINGS IN FOREIGN CURRENCY ON EXPORT OF GOODS, ROYALTY, KNOWHOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST, DIVIDEND AND OTHER INCOME

	31st March, 2014	31st March, 2013
VALUE OF IMPORTS ON CIF BASIS ON RAW MATERIAL, COMPONENTS, SPARE PARTS AND CAPITAL GOODS	NIL	NIL
PAYMENT TO AUDITORS AS:		
-- AUDIT FEES (RATTAN ANIL & CO.)	33,090	33,090
-- TAX AUDIT FEES (R.L. BANSAL & ASSOCIATES)	6,000	6,000
-- FOR COMPANY LAW MATTERS, MANAGEMENT AND OTHER SERVICES-- REIMBURSEMENTS	0	0
TOTAL	2,000	4,000
EXPENDITURE IN FOREIGN CURRENCY ON ROYALTY, KNOWHOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST AND OTHER MATTERS AMOUNT REMITTED IN FOREIGN CURRENCY ON DIVIDEND	41,090	43,090
EARNINGS IN FOREIGN CURRENCY ON EXPORT OF GOODS, ROYALTY, KNOWHOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST, DIVIDEND AND OTHER INCOME	NIL	NIL
	NIL	NIL
	NIL	NIL

18. The access to the factory is through the land owned by third party. A case has been filed and admitted in the local courts of Rudrapur in earlier year denying the access to the Factory through the land under control of third Party.
19. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Tarai Foods Limited

TARAI FOODS LIMITED AUDITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

	For the Period 31st March, 2014	For the Period 31st March, 2013
A. Cash Flow from Operating Activities		
Net Loss Before Tax & Extraordinary items	(5,721,596)	(3,480,345)
Adjustments for		
Depreciation	5,116,725	5,482,966
Finance Cost	19,867	16,816
Debtors Written Off	-	10,117
Amounts Written Off	70	1,558
Operating Profit/ (Loss) before Working Capital Changes	(584,934)	2,031,112
Adjustment for		
Trade & Other Receivables	194,001	(109,496)
Loans and Advances	(75,507)	(31,568)
Inventories	801,937	(3,866,957)
Trade and other Payable	(1,497,575)	2,522,540
Cash Generated from operations	(1,162,078)	545,631
Net prior year adjustments	-	(67,500)
Finance Cost	(19,867)	(16,816)
Taxes Paid	-	-
Net Cash from Operating Activities (A)	(1,181,945)	461,315
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	-	(17,359)
Addition in Capital W-I-P	(676,790)	-
Investment in Fixed Deposits	-	-
Sale of Investments	-	-
Cash Flow before Extraordinary Items	(676,790)	(17,359)
Adjustments for Extraordinary Items	-	-
Net Cash used in Investing Activities (B)	(676,790)	(17,359)
C. Cash Flow From Financing Activities		
Proceeds from Issue of Share Capital & Share Premium	1,000,000	8,700,000
Increase in unsecured loans	-	(8,500,000)
Proceeds from Long Term Borrowings	-	200,000
Repayment to Financial Institutions and Banks	1,000,000	-
Cash Flow before Extraordinary Items	1,000,000	200,000
Adjustments for Extraordinary Items	-	-
Net Cash used in Financing Activities (C)	1,000,000	200,000
Net Increase in Cash & Cash Equivalents (A+B+C)	(858,737)	643,954
Cash & Cash Equivalents as at the beginning of the period(note below)	1,283,441	639,487
Cash & Cash Equivalents as at the close of the period.(note below)	424,704	1,283,441
Cash & Cash Equivalents including		
-Cash in hand	33,046	23,613
-Balances with Scheduled Banks	186,757	1,071,133
-Fixed Deposit with Bank	204,901	188,695
Total	424,704	1,283,441

Notes:

- 1 Previous period figures have been regrouped/reclassified, wherever necessary to conform to current year presentation.
- 2 Figures in brackets represent outflows.
- 3 The above cash Flow Statement has been prepared under the 'Indirect Method' as per Accounting Standard-3 (AS-3).

As per our Report of even date.

For and on behalf of

Rattan Anil & Co.
Chartered Accountants
Firm Regn. No. : 009414N
Sd/-
Rattan Bansal
Partner
Membership No.083929

Place : Rudrapur
Date: 30th May, 2014

FOR & ON BEHALF OF THE BOARD

Sd/-
HAKAM SINGH SAINI
DIRECTOR
DIN No: 06786586

Sd/-
Dr. R.P. SINGH
EXECUTIVE DIRECTOR & CFO
DIN No: 03615102



Tarai Foods Limited

CIN: L15142DL1990PLC039291

Regd. Office: 13, Hanuman Road, Connaught Place, New Delhi- 110001 Phone: 011-32629838

Fax: 011-23341697, Website: www.taraifoods.com, Email ID: taraifoods@gmail.com

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

CIN: L15142DL1990PLC039291

Name of the company: **Tarai Foods Limited**

Registered office: 13, Hanuman Road, Connaught Place, New Delhi-110001

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:....., or failing him

2. Name:

Address:

E-mail Id:

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General meeting of the company, to be held on the 29th day of September, 2014 at 09:30 a.m. at Elcina House, 422, Okhla Industrial Estate, Phase-III, New Delhi- 110020 and at any adjournment thereof in respect of such resolutions as are indicated below:

- Resolution No.
1. To receive, consider and adopt the Balance Sheet as on 31st March, 2014 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 Ms. 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.
 4. Appointment of Mr. Hakam Singh as Director of the Company.
 5. Appointment of Mr. Vijay Jolly as an Independent Director of the Company.
 6. Appointment of Mr. Melvinder Singh Garewal as an Independent Director of the Company.
 7. Appointment of Mr. Hakam Singh as an Independent Director of the Company.
 8. To approve the remuneration of the Cost Auditors for the financial year 2014-15.
 9. Sell or otherwise dispose of the undertaking.

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.