

**TARAI FOODS LIMITED**



**Tarai**

**27TH  
ANNUAL REPORT  
2016 - 2017**

## TARAI FOODS LIMITED

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

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

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

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

Regd. Office  
13, Hanuman Road,  
Connaught Place  
New Delhi-110001  
Tel. : 011-41018839

Head Office :  
(Plant)  
Village Fazilpur Meharola  
Rudrapur  
Distt. Udham Singh Nagar,  
Uttarakhand

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

ISIN No. INE906C01016

CIN No. L15142DL1990PLC039291

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Website : www.taraifoods.com

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## TARAI FOODS LIMITED

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CIN No.: L15142DL 1990 PLC 039291

### BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report, together with the audited statement of accounts of the Company for the year ended 31<sup>st</sup> March, 2017.

**1. Statement of Company Affairs:**

**a. Financial Results & Performance:**

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2017 is summarized below:

Particulars	Financial Year ended 31 <sup>st</sup> March, 2017 (Rs. In Lacs)	Financial Year ended 31 <sup>st</sup> March, 2016 (Rs. In Lacs)
Gross Revenue	293.7	196.4
Operating Profit before Interest, Financial Charges and Depreciation	16.46	5.3
Less: Interest and Finance Charges	0.13	0.21
Profit/(Loss) before Depreciation	16.34	4.9
Less: Depreciation	15.51	15
Profit/(Loss) for the year	0.82	(9.9)
Exceptional items/ prior year items	0.56	(0.2)
Net Profit/(Loss) for the year	1.38	(10.1)
Less: Provision for Tax	0	0.00
Add: Extra Ordinary Income (net of tax expense)	0	0.00
Net Profit/(Loss) after Taxation	1.38	(10.1)

The Company was in its twenty seventh year of operations. During the year under review, the Gross revenue increased to Rs. 293.7 Lacs as compared to Rs. 196.4 Lacs in the previous year. Further, the Company earned net profit (after tax) of Rs. 1.38 lacs as compared to a loss of Rs. 10.1 lacs during the previous year. The company focused its attention only on production and sale of fresh Mushrooms and the directors are hopeful of better performance in the next year.

**Transfer to Reserves:**

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

**Dividend:**

Your company has incurred losses during the year under review. Accordingly no dividend is recommended on the equity shares of the Company for the year ended 31<sup>st</sup> March, 2017.

**Material changes and commitments subsequent to the Balance sheet:**

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

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

**(i) Industry structure and developments.**

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

Mushroom farming is practiced in more than 100 countries and its production is increasing at an annual rate of 6-7% presently. World production of mushroom is over 25 million tons as per claims of Chinese Association of edible mushrooms. Indoor cultivation of mushrooms utilizes the vertical space and is regarded as the highest protein producer per unit area and time – almost 100 times more than the conventional agriculture and animal husbandry. This high tech horticulture venture has a promising scope to meet the food shortages without undue pressure on land. In India, mushroom production shot up from near 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 India 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.

#### **Domestic Market:**

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

#### **Mushrooms:**

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

#### **Strength:-**

Mushrooms are grown seasonally as well as state-of-art environment controlled Crop room in the commercial units. It is highly labour oriented venture and labour availability is no constraint in the vicinity of **Tarai Foods** and two factors that is availabilities of raw materials and labour make mushroom growing economically profitable in this region. Moreover, **Tarai foods Ltd. Rudrapur** is located in the bowl of raw materials like Wheat Straw, Sugar cane Bagasse & Chicken Manure required for composting. Besides, the moderate climate of the Tarai region is well suited to mushroom production as temperature does not as high alike other parts of the country.

Awareness about food and medicinal values of mushrooms increasing quantitative use of mushrooms in the country thus creating better market for a product like fresh and processed mushrooms. There is increasing market for post harvest products like pickles or soup powder of mushrooms.

#### **Threats**

- *Uncontrolled price structure*

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

- *High transportation charges:*

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

- *Commercial rate of electricity tariff:*

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

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

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

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

- Lack of modern facilities to produce quality compost, casing material spawn and processed products. TFL is going to improve its facilities in this regard.

To address these risks, the Company has a single point source supplier of Frozen/IQF (Individually Quick Frozen products to the customers as per their requirements with high quality products at a lower cost. Though the competition is fierce, the goodwill and the quality of the products offered by the Company are great plus factors and the Company expects to overcome the competition. The Company had expanded its product line both horizontally as well as vertically.

**(iii) Segment wise & Product-wise performance:**

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

**Processed Foods**

- **Fresh Mushrooms**
- **Frozen Sweet Corn**
- **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	239.11	282.1	144.99	182.60
Frozen Sweet Corn	--	--	0.98	0.48
<i>Mushroom Spawn</i>	4.16	5.12	8.37	10.46

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 are low compared to the previous year, but this is a temporary phase caused by adverse liquidity condition and the Company hopes to overcome these in the current year's working and continue with the increasing trends.

**(iv) Outlook:**

Food Processing Industry is of enormous significance for India's development because of the vital linkages and synergies that it promotes between the two pillars of the economy, namely Industry and Agriculture. The growth potential of this sector is enormous and it is expected that the food production will double in the next 5 years and the consumption of value added food products will also grow at a fast pace. This growth of the Food Processing Industry will be of immense benefits to the economy, raising agricultural yields, meeting productivity, creating employment and raising the standard of very large number of people throughout the Country, specially, in the rural areas. Economic liberalization and rising consumer prosperity is opening up new opportunities for diversification in food processing sector.

The nature of the Indian food processing market and the experiences of successful Indian and MNC players indicate that this sector will grow substantially in future because of the following reasons :

1. Effective distribution network and supply chain
2. Product range that is customized to suit local market requirements.
3. Superior processing technology
4. Brand building and marketing

Management is consistently keeping close watch on the changing market scenario and the business strategy is reviewed regularly for achieving a consistent growth by meeting the tough international competition successfully.

**(v) Risks and concerns:**

Every business has inherent risks involved in its operations, which may be either external or internal. The external factors are market competition, availability of cheaper substitute products, Government policies regarding power tariffs and ongoing political and economic changes in the importing Country. The Company may not have much control over such factors; however it is important to address these risks & concerns to mitigate their overall impact on the business. Formal risk assessment and Management approach along with the regular monitoring mechanism in the Company ensures that these risks are duly addressed and well managed. High focus on safety of plant, its premises and people continuity and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

**(vi) Internal control systems and their adequacy.**

The Company has an adequate system of internal controls to ensure that all activities are monitored and controlled as well as transactions are authorized, recorded and reported correctly. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines, which are supplemented by internal audit regularly.

The Audit Committee of the Board meets on quarterly basis and reviews the internal control systems as well as financial statements.

**(vii) Discussion on financial performance with respect to operational performance:**

The Company has diversified its operations into Mushroom growing in artificially controlled temperature setting and offers a wide range Frozen and IQF (Individually Quick Frozen) product range of peas, fruits/ vegetables as per the requirements of the customers, meeting strict quality & hygiene standards. Canned peas in various shapes and sizes are also available as per the customer requirement. The Company is a single point source of supplier of Frozen, IQF, products to the customers as per their requirements.

**(viii) Material developments in Human Resources / Industrial Relations front, including number of people employed**

The Company lays due emphasis on sound Human Resource Management practices and appraisal systems with focus on cordial employee relations to ensure higher level of productivity and operational efficiency. Adequate efforts have been made to strengthen and develop its human resources as a key strength through continuous training inputs and focused development plan. As on 31st March 2017, the total numbers of permanent employees in the Company were 11.

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

**b. Key Changes during the year:**

1. **Changes in the Nature of business:** NIL

2. **Changes during the year in Directors and KMP:**

During the year under review, MR. Ganesh Kumar was appointed as Independent Director of the Company for a period of 5 years w.e.f. 14<sup>th</sup> February, 2017 subject to the confirmation by the Shareholders in the ensuing Annual general Meeting of the Company. Mr. Vijay Jolly, member & Chairmen of the Audit Committee, the Nomination & Remuneration Committee & Stakeholder Relationship Committee ceased to be Director of the Company due to his demise on 19.10.2016.

Mr. Gurprit Singh Sandhu resigned from the post of Managing Director of the Company w.e.f. 04/03/2016 due to his attainment of 70 years of age. He was appointed as the managing director in the category of Key Managerial Personnel of the company for the period of the five years in accordance with the provision of section 196, 197, 203 and schedule V of the Companies Act, 2013.

3. **Changes in the Subsidiaries, Joint Venture and Associate Company:** The Company did not make any subsidiaries, Joint Ventures and Associate Company during the financial year under review.

4. **Details of the order passed by the Regulators/ Courts/ Tribunals:** No order has been passed by the regulators, courts or tribunals impacting the going concern status and company's operation in future.

**2. Directors:**

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

**a. Composition and Meetings of the Board:**

The Board Comprises of Mr. G.S Sandhu, Ms. Kiran Sandhu, Mr. Ram Pyare Singh, Mr. Ganesh Kumar, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as on 31<sup>st</sup> March, 2017. The Board of Directors duly met Six times on 30/05/2016, 30/07/2016, 12/08/2016, 14/11/2016, 14/02/2017 and 24/03/2017 in respect of which meetings proper notices were given and the proceedings were properly recorded. The details of the directors who attended the meetings are given separately in the Corporate Governance report annexed separately. The Board has adopted all the recommendations of Audit Committee.

**b. Composition and Meeting of Audit Committee:**

The Audit Committee is duly constituted. The Audit Committee comprises of Mr. Ganesh Kumar, Ms. Kiran Sandhu, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as the members of the Committee. The Audit Committee duly met Four (4) times on 30/05/2016, 12/08/2016, 14/11/2016 and 14/02/2017 during the financial year. The details of the Members who attended the meetings are given separately in the Corporate Governance report annexed separately.

**c. Composition and Meeting of Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee comprises of Mr. Ganesh Kumar, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as the members of the Committee. The Nomination and Remuneration Committee duly met three times (2) on 30/07/2016, 14/11/2016 and 14/02/2017 during the financial year. The details of the Members who attended the meetings are given separately in the Corporate Governance report annexed separately.

**d. Composition and meeting of Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee comprises of Mr. Ganesh Kumar, Ms. Kiran Sandhu, Mr. Melvinder Singh Garewal and Mr. Hakam Singh Saini as the members of the Committee. The Stakeholders Relationship Committee duly met twice on 14/11/2016 and 14/02/2017 during the financial year. The details of the Members who attended the meetings are given separately in the Corporate Governance report annexed separately.

**e. Declaration by Independent Directors and their meeting:**

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

During the year under review, the Independent Directors of the Company met once on 24/03/2017.

**Training of Independent Directors:**

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

**f. Policy on Director's appointment and remuneration:**

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

**3 Auditors:**

**a. Statutory Audit:**

M/s Rattan Anil & Co., Chartered Accountants,, A-90, Gali No. 6, 1<sup>st</sup> Floor, Madhu Vihar Market, PatparGanj Bus Depot., Delhi, were appointed as Statutory Auditors of the Company for a period of 5 years in the 25<sup>th</sup> Annual General Meeting. Their appointment was subject to ratification by the members at every Annual General Meeting. The shareholders at the ensuing Annual General Meeting will consider the ratification of the appointment of the Statutory Auditors for the financial Year 2016-17.

**Board's explanation and Comments:**

**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 an hour, Extensive repairs are made to the plant & machinery every year. The Company has also filed a case with the High Court on Insurance Company towards this claim.

**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 settlements in the earlier years. Although these 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 discussion on the settlement, the interest are not payable to them on the original liability and the current provision of interest due to the secured lenders along with Principal amount due to them at Rs. 2.40 Crs. (after taking into consideration the payment made towards the negotiated settlement) as per Books of Accounts is more than the settlement amount discussed with these lenders and in view of this, there is no fresh provision of interest made for the year under review in the Books of Accounts. Complete details have been provided in the clause 09 on note 22 which is self-explanatory.

**Auditor's Responsibility Statement read with Clause 10 on Note 22:** The Company has approached the secured lenders for resettlement. A payment of Rs. 1 cr. was made in earlier years to the secured lenders towards the negotiated settlement which stand revoked as on date. On fully settling the dues of these secured lenders as per the settlement, the company will be able to come out of the negative networth and also revive its operations fully. The company has also diversified in the field of Mushroom, growing it in artificially controlled temperature and is hopeful of revival of its operations fully.

**Point No. (vii) (a) to the Annexure to the Auditor's Report:** The Company has defaulted in depositing the dues with the Provident Fund Authorities due to the adverse financial condition but it has already started making the payment to clear the Provident Fund dues. The company is hopeful to clear the entire dues in the near future.

The company has outstanding dues of around Rs. 8.37 Lacs towards the sales tax demand. The company has taken up the steps to approach the relevant authorities (including filing of appeal) for cancellation of demand of Rs. 5.11 Lacs. Rest of the Sales Tax demand of Rs. 3.26 Lacs has not been paid due to adverse liquidity position. The Company is hopeful to clear the dues soon.

Other points are self-explanatory as given in various clauses on Note 22.

**b. Secretarial Audit:**

The Board has appointed M/s Santosh Kumar Pradhan, Practising Company Secretary as the Secretarial Auditor for the Financial Year 2016-17. The secretarial audit report as required under section 204 of the Companies Act, 2013 is annexed as **Annexure 2** and forms part of this report.

**Board's explanation and Comments:**

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

**4. Annual Return:**

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

**5. Vigil Mechanism: (Whistle Blower Policy)**

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

Mr. Manjit Singh, Plant manager was appointed as the Vigilance Officer to hear the grievances of the employees with any person in the company and take steps to resolve the issues amicably and report the same to the Managing Director of the Company and offences of serious nature may be brought to the attention Mr. Ganesh Kumar, Chairman of the Audit Committee of the Company who shall after hearing the concerned person award appropriate punishment to the offender.

**6. Deposits:**

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

**7. Loans, Guarantees or investments:**

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

**8. Contracts and arrangements with related parties:**

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

**9. Corporate Social Responsibility:**

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

**10. Risk Management Policy:**

Every business has inherent risks involved in it operations, which may be either external or internal. The external factors are market competition, availability of cheaper substitute products, Government policies regarding power tariffs and ongoing political and economic changes in the importing Country. The Company may not have much control over such factors; however it is important to address these risks & concerns to mitigate their overall impact on the business. Formal risk assessment and Management approach along with the regular monitoring mechanism in the Company ensures that these risks are duly addressed and well managed. High focus on safety of plant, its premises and people continuity and proactive Management of related business environment are essential for the risk management in the overall supply chain and business in general.

**11. Internal Financial controls:**

The Company has an adequate system of internal controls to ensure that all activities are monitored and controlled as well as transactions are authorized, recorded and reported correctly. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines, which are supplemented by internal audit regularly.

The Audit Committee of the Board meets on quarterly basis and reviews the internal control systems as well as financial statements.

**12. Share Capital:**

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

**13. Particulars of Employees:**

Information in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure 4** and forms part of this report.

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

Information in accordance with the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and Foreign exchange earning & outgo of the Company were given as per **Annexure 5** to this report.

**15. Corporate Governance report:**

A Comprehensive report on Corporate Governance as stipulated under Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is attached to this report.

Your Company has obtained a certificate from the Statutory Auditor regarding the compliance of conditions of Corporate Governance as stipulated under Schedule V (E) the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same is annexed.

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

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

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

The details are as follows:

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

**18. Directors' Responsibility Statement:**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
4. The Directors had prepared the annual accounts on a 'going concern' basis; and
5. The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**APPRECIATION:**

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

By Order of the Board  
**Tarai Foods Limited**  
Sd/-

Mr. G.S. Sandhu  
Chairman  
DIN: 00053527

Place: Rudrapur

Date: 14.08.2017

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



## REMUNERATION POLICY Effective from 1st October, 2014.

**(I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director:****1. Qualifications of Independent Director:**

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

**2. Positive attributes of Independent Directors:**

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

**3. Independence of Independent Directors:**

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

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

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

**Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:****a) Fixed pay:**

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

**b) Minimum Remuneration:**

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

**c) Provisions for excess remuneration:**

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

**Remuneration to Non Executive Directors/Independent Directors:**

NEDs/Independent Directors shall not be paid sitting fees for any meeting of the board or committee thereof attended by them as members.

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

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and**  
**Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To  
**The Members,**  
**Tarai Foods Limited**  
**CIN: L15142DL1990PLC039291**  
**13, Hanuman Road, Connaught Place,**  
**New Delhi- 110001**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tarai Foods Limited (CIN: L15142DL1990PLC039291) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of:

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

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (b) The SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 entered into by the Company with Bombay Stock Exchange.

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

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

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

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

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

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

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

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

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

**Date: 10/08/2017**

**Place: Ghaziabad**

**For Santosh Kumar Pradhan**

**(Company Secretaries)**

**Sd/-**

**Santosh Kumar Pradhan**

**FCS No.: 6973**

**C P No.: 7647**

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

**'ANNEXURE A'**

**To**

**The Members,**

**Tarai Foods Limited**

**CIN: L15142DL1990PLC039291**

**13, Hanuman Road, Connaught Place,**

**New Delhi- 110001**

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

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

**Date: 10/08/2017**

**Place: Ghaziabad**

**For Santosh Kumar Pradhan**

**(Company Secretaries)**

**Sd/-**

**Santosh Kumar Pradhan**

**FCS No.: 6973**

**C P No.: 7647**

Form No. MGT-9  
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH 2017

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L15142DL1990PLC039291
ii.	Registration Date	20/02/1990
iii.	Name of the Company	TARAI FOODS LIMITED
iv.	Category/Sub-Category of the Company	Company Limited By Shares/ Indian Non-Government Company
v.	Address of the Registered office and contact details	13, Hanuman Road, Connaught Place New Delhi-110001. Tel.: 011-41018839
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Beetal Financial & Computer Services (P) Ltd. 99, Madangir, Beetal House, Behind Local Shopping Centre, Near dada Harsukhdas Mandir, New Delhi-110062 Tel.: 29961281/2

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1	Sale of fresh Mushrooms	01136	98.18%
2	Processing and preserving of fruits and vegetables	103	0

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	N.A	N.A	N.A	N.A	N.A

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	7,39,352	11,92,510	19,31,862	10.90	18,79,352	52,510	19,31,862	10.90	NIL
b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Subtotal(A)(1):-</b>	<b>7,39,352</b>	<b>11,92,510</b>	<b>19,31,862</b>	<b>10.90</b>	<b>18,79,352</b>	<b>52,510</b>	<b>19,31,862</b>	<b>10.90</b>	<b>NIL</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2) Foreign</b>									
g) NRIs-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Other-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Bodies Corp.	63,28,100	NIL	63,28,100	35.70	63,28,100	NIL	63,28,100	35.70	NIL
j) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
k) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total(A)(2):-</b>	<b>63,28,100</b>	<b>NIL</b>	<b>63,28,100</b>	<b>35.70</b>	<b>63,28,100</b>	<b>NIL</b>	<b>63,28,100</b>	<b>35.70</b>	<b>NIL</b>
<b>Total Shareholding of Promoter (A) = (A) (1) +(A) (2)</b>	<b>70,67,452</b>	<b>11,92,510</b>	<b>82,59,962</b>	<b>46.6</b>	<b>82,07,452</b>	<b>52,510</b>	<b>82,59,962</b>	<b>46.6</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	400	12,500	12,900	0.07	400	12,500	12,900	0.07	NIL
b) Banks / FI	200	20,100	20,300	0.11	NIL	20,100	20,100	0.11	NIL
c) Central Gov t/ State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total(B)(1)</b>	<b>600</b>	<b>32,600</b>	<b>33,200</b>	<b>0.18</b>	<b>400</b>	<b>32,600</b>	<b>33,000</b>	<b>0.18</b>	<b>NIL</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.									
(i) Indian	6,63,446	29,33,300	35,96,746	20.28	7,23,915	29,33,300	3,65,7215	20.63	0.35
(ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	21,19,901	16,98,841	38,18,742	21.54	20,55,852	16,89,141	37,44,993	21.12	0.42
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	15,51,617	1,17,100	16,68,717	9.41	16,00,109	1,17,100	17,17,209	9.68	0.27
c) Others(Specify)									
(i) NRI	51,679	1,99,300	2,50,979	1.41	49,913	1,98,200	2,48,113	1.41	NIL
(ii) HUF & Trust	99,174	0	99,174	0.55	52,722	0	52,722	0.29	(0.26)
(iii) Clearing members	600	0	600	0	14,906	0	14,906	0.08	(0.08)
<b>Sub-total(B)(2)</b>	<b>44,86,417</b>	<b>49,48,541</b>	<b>94,34,958</b>	<b>53.22</b>	<b>44,97,417</b>	<b>49,37,741</b>	<b>94,35,158</b>	<b>53.22</b>	<b>(.01)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>44,87,017</b>	<b>49,81,141</b>	<b>94,68,158</b>	<b>53.40</b>	<b>44,97,817</b>	<b>49,70,341</b>	<b>94,68,158</b>	<b>53.39</b>	<b>(.01)</b>
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total (A+B+C)</b>	<b>115,54,469</b>	<b>61,73,651</b>	<b>1,77,28,120</b>	<b>100</b>	<b>1,27,05,269</b>	<b>50,22,851</b>	<b>1,77,28,120</b>	<b>100</b>	<b>0</b>

ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1.	Gurprit Singh Sandhu	1,658,562	9.38	0	16,58,562	9.38	0	0
2.	Kiran Sandhu	52,490	0.29	0	52,490	0.29	0	0
3.	Imran Ahmed	100	0.00	0	100	0.00	0	0
4.	Sudhir Chadha	100	0.00	0	100	0.00	0	0
5.	NK Bharti	500	0.00	0	500	0.00	0	0
6.	Darshan Singh	500	0.00	0	500	0.00	0	0
7.	Anand Rungta	700	0.00	0	700	0.00	0	0
8.	Bhopinder Singh	1,000	0.01	0	1,000	0.01	0	0
9.	Harpreet Singh	2,500	0.01	0	2,500	0.01	0	0
10.	J Akoi '*'	12,500	0.07	0	12,500	0.07	0	0
11.	DS Bhooi	10,410	0.06	0	10,410	0.06	0	0
12.	S Inder Partap Singh	1,90,000	1.07	0	1,90,000	1.07	0	0
13.	Galway Investments Private Limited	63,28,100	35.70	0	6,328,100	35.70	0	0
14	Tej Partap Singh	2,500	0.01	0	2,500	0.01	0	0
	<b>Total</b>	<b>82,59,962</b>	<b>46.6</b>	<b>0</b>	<b>82,59,962</b>	<b>46.6</b>	<b>0</b>	<b>0</b>

\* J. Akoi and Jasleen Kaur are one individual only.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. no	Shareholder's Name	Shareholding		Date	Increase (Decrease) in share holding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the company				No. of shares	% of total shares of the company
1.	Gurpreet Singh Sandhu	1,658,562 1,658,562	9.38 9.38		No Change		1,658,562	9.38
2.	Kiran Sandhu	52,490 52,490	0.29 0.29		No Change		52,490	0.29
3.	Imran Ahmed	100 100	0.00 0.00		No Change		100	0.00
4.	Sudhir Chadha	100 100	0.00 0.00		No Change		100	0.00
5.	NK Bharti	500 500	0.00 0.00		No Change		500	0.00
6.	Darshan Singh	500 500	0.00 0.00		No Change		500	0.00
7.	Anand Rungta	700 700	0.00 0.00		No Change		700	0.00
8.	Bhopinder Singh	1000 1000	0.01 0.01		No Change		1000	0.01
9.	Harpreet Singh	2500 2500	0.01 0.01		No Change		2500	0.01
10.	J Akoi '*'	12,500 12,500	0.07 0.07		No Change		12,500	0.07
11.	DS Bhooi	10,410 10,410	0.06 0.06		No Change		10,410	0.06
12.	S Inder Partap Singh	1,90,000 1,90,000	1.07 1.07		No Change		1,90,000	1.07
13.	Galway Investments Private Limited	63,28,100 63,28,100	35.70 35.70		No Change		63,28,100	35.70
14.	Tej Partap Singh	2500 2500	0.01 0.01		No Change		2500	0.01

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters And Holders of GDRs and ADRs)

Sl. No	Shareholder's Name	Shareholding		Date	Increase (decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the company				No. of Shares	% of total shares of the Company
1.	Sunbright Foods Private Limited	10,00,000 10,00,000	5.64 5.64		No Change		10,00,000	5.64
2.	Arihant Technology Private Limited	10,00,000 10,00,000	5.64 5.64		No Change		10,00,000	5.64
3.	Sandesh properties Private Limited	7,10,000 7,10,000	4 4		No Change		7,10,000	4
4.	Hitesh Ramji Javeri	5,50,000 5,50,000	3.10 3.10		No Change		5,50,000	3.10
5.	Harsha Hitesh Javeri	3,35,000 3,35,000	1.89 1.89		No Change		3,35,000	1.89
6.	Mackertich Consultancy Services Private Limited	1,78,828 1,78,828	1.01 1.01		No Change		1,78,828 1,78,828	1.01
7.	Sunflower Securities Private Limited	1,68,252 1,68,252	0.95 0.95		No Change		1,68,252	0.95
8.	Eden Garden Plantations & Marketing Private Limited	1,50,000 1,50,000	0.85 0.85		No Change		1,50,000	0.85
9.	Amit Narendra Vira	1,29,751 1,29,751	0.73 0.73		No Change		1,29,751	0.73
10.	R.M Financial Services Pvt. Ltd.	53500 95350	0.32 0.54		Purchase		95,350	0.54

v. Shareholding of Directors and KMPs

Sl. No	Name	Shareholding		Date	Increase (decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the company				No. of Shares	% of total shares of the Company
1.	Gurprit Singh Sandhu	1,658,562 1,658,562	9.38 9.38		No Change		1,658,562	9.38
2.	Kiran Sandhu	52,490 52,490	0.29 0.29		No Change		52,490	0.29
3.	Ganesh kumar	NIL NIL	NIL NIL		No Change		NIL	NIL
4.	Melvinder Singh Garewal	NIL NIL	NIL NIL		No Change		NIL	NIL
5.	Hakam Singh	NIL NIL	NIL NIL		No Change		NIL	NIL
6.	Rampyare Singh	NIL NIL	NIL NIL		No Change		NIL	NIL

**V. INDEBTEDNESS (Rs.in lakhs)**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	240	89.90	NIL	329.90
ii) Interest due but not paid	2899	NIL	NIL	2899
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	3139	89.90	NIL	3228.90
Change in Indebtedness during the financial year				
- Addition	NIL	13.20	NIL	13.20
- Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>				
Indebtedness at the end of the financial year				
i) Principal Amount	240	103.10	NIL	343.10
ii) Interest due but not paid	2899	NIL	NIL	2899
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	3139	103.10	NIL	3242.10

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole Time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount	
		Gurprit Singh Sandhu (Managing Director)	Ram Pyare Singh (Whole time Director)		
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - Others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total(A)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	Ceiling as per the Act	N.A.	N.A.		



**B. Remuneration to other Directors: N.A.**

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount				
		-	-	-	-	-	-
	<b>1. Independent Directors</b> · Fee for attending board / committee meetings · Commission · Others, please specify <b>Total(1)</b>						
	<b>4. Other Non- Executive Directors</b> · Fee for attending board /committee meetings · Commission · Others, please specify <b>Total (B)=(1+2)</b>						
	<b>Total Managerial Remuneration</b>						
	<b>Overall Ceiling as per the act</b>						

**C. Remuneration to key Managerial Personnel Other Than MD/ Manager/ WTD: N.A.**

Sl. No.	Particulars of Remuneration	Key managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
6.	<b>Total</b>				

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A.**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty					
Punishment					
Compounding					

Place: Rudrapur  
Date: 14.08.2017

By Order of the Board  
Tarai Foods Limited  
Sd/-  
Mr. G.S. Sandhu  
Chairman  
DIN: 00053527  
Address: 118, Madan Lal Block,  
Asian Games Village, New Delhi- 110049.

**A. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:**

**1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2016-17:**

Sl. No	Name of the Directors	Designation	Ratio
1.	Gurprit Singh Sandhu	Director	N.A
2.	Kiran Sandhu	Director	N.A
3.	Ganesh Kumar	Director	N.A
4.	Rampyare Singh	Whole Time Director	N.A
5.	Malvinder Singh Garewal	Director	N.A
6.	Hakam Singh	Director	N.A

**2. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:**

Sl. No	Name of the Directors	Designation	Remuneration paid during 2015-16 (Rs. In lacs)	Remuneration paid during 2016-17 (Rs. In lacs)	Increase
1	Gurprit Singh Sandhu	Managing Director	N.A	N.A	No Increase
2	Kiran Sandhu	Director	N.A	N.A	No Increase
3	Ganesh Kumar	Additional Director	N.A	N.A	No Increase
4	Rampyare Singh	Whole Time Director	N.A	N.A	No Increase
5	Malvinder Singh Garewal	Director	N.A	N.A	No Increase
6.	Hakam Singh	Director	N.A	N.A	No Increase

**3. The percentage increase in the median remuneration of employees in the financial year:**

There is no increase in the median remuneration of employees in the financial year.

**4. The number of permanent employees on the rolls of company: 11**

**5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

There is no increase in the average increase in percentile of salaries of employees other than managerial personnel in 2016-17.

There is no percentage increase in the managerial remuneration for the year 2016-17.

**6. Affirmation that the remuneration is as per the remuneration policy of the company:** No remuneration is being paid to any of the Directors of the Company.

**B. The information required under Section 197 of the Act read with rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended vide Notification dated 30<sup>th</sup> June, 2016 are given below:**

**(i) Name of top Ten employees**

Sl. No.	Name of Employees	Designation	Remuneration (Rs.) Per Annum	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1	MANJEET SINGH	PLANT MANAGER	378240	PERMANENT	POST GRADUATE 8 YEARS	01.06.2009	53	N/A	NO	NO
2	SATISH CHANDRA PANDEY	ACCOUNTANT	192000	PERMANENT	POST GRADUATE 27 YEARS	01.10.1990	60	N/A	NO	NO
3	SUNITA JOSHI	ACCOUNTANT	156432	PERMANENT	GRADUATE 1 YEAR	01.04.2016	30	N/A	NO	NO

4	HARNETAR SINGH	ELECTRICIAN	172559	PERMANENT	SENIOUR SECONDERY 23 YEARS	01.08.1994	47	N/A	NO	NO
5	BHRIGUNATH	OFFICE ATTENDENT	150300	PERMANENT	MATRIC 8 YEARS	01.10.2009	69	N/A	NO	NO
6	RAJENDER SINGH	PRODUCTION	132365	PERMANENT	GREDUATE 1 YEAR	01.04.2016	28	N/A	NO	NO
7	P.S.SHARMA	WELDER.	119797	PERMANENT	SENIOUR SECONDERY 24 YEARS	02.04.1996	52	N/A	NO	NO
8	JAGANLAL	WELDER	112476	PERMANENT	SENIOUR SECONDERY 6 YEARS	01.12.2011	35	N/A	NO	NO
9	GAJINDER SINGH	MECH B.	107580	PERMANENT	SENIOUR SECONDERY 21 YEARS	01.04.1996	54	N/A	NO	NO
10	STYAPRAKASH	PRODUCTION	62650	PERMANENT	SENIOUR SECONDERY 10 YEARS	01.04.2007	30	N/A	NO	NO

ii. Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1,02,00,000/-: N.A

S. No.	Name of Employees	Designation	Remuneration (Rs.)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

iii. Employed for part of the Financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8,50,000/- per month:

S. No.	Name of Employees	Designation	Remuneration (Rs.)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

iv. Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company:

S. No.	Name of Employees	Designation	Remuneration (Rs.)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

Place: Rudrapur  
Date: 14.08.2017

By Order of the Board  
Tarai Foods Limited  
Sd/-  
Mr. G.S. Sandhu  
Chairman  
DIN: 00053527  
Address: 118, Madan Lal Block,  
Asian Games Village, New Delhi- 110049.

**Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014**

**I. Conservation of Energy:**

Sustainability at Tarai involves the awareness that a greener, healthier planet is the best legacy we can leave for our future generations and for our business. The Company has embedded a policy of reduce, reuse and recycle across

all its processes. Company's technical staff and engineers are trained to identify energy-saving opportunities and consistent efforts to improve performances have resulted in considerable reduction in the use of energy and natural resources. Your Company has taken appropriate measures for environment protection by adopting green and clean technologies.

**A few initiatives taken by your Company towards energy conservation during the year under review:**

- Switch off utility machines during off times.
- Rain water harvesting continues to be a focused activity at our manufacturing plants.
- Use of electrical equipment's with high energy efficiency and low anti-environment emissions.
- Office lights are switched off during lunch time and immediately after the office hours.
- The curtains are kept raised so that natural light is used.
- The laptop & computer monitors are programmed to go to sleep mode when not in use.
- Use of high masks light of 250w to CFL of 85 W.
- We have been able to achieve a higher level of operational efficiency of utilities such as Heating, Ventilation and Air Conditioning (HVAC) systems by scrapping and replacing the old floor mounted HVAC with a more efficient roof mounted HVAC.

**II. Technology absorption, adaptation and innovation:**

(i) The efforts made towards technology absorption:

Validation of a formulation for compost preparation was carried out in the year 2015. 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 17-20 years old for which the company has retained key technical staffs that have been trained by earlier technical collaborator and have adapted the technology well.

(ii) The expenditure incurred on Research and Development:

Our company is involved in manufacturing business for which the employees carry on necessary research on the job for improving the existing processes and procedures. Since it is an integral part of our continuous effort to improve our services, no research and development expenditure is separately allocated.

**III. Foreign Exchange Earnings & Outgo**

The particulars regarding earnings and outgo in Foreign Exchange for the year 2015-16 are given below.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Foreign Exchange Earning	NIL	NIL
Foreign Exchange Outgo	NIL	NIL

Place: Rudrapur  
Date: 14.08.2017

By Order of the Board  
Tarai Foods Limited  
Sd/-  
Mr. G.S. Sandhu  
Chairman  
DIN: 00053527  
Address: 118, Madan Lal Block,  
Asian Games Village, New Delhi- 110049.

## **REPORT ON CORPORATE GOVERNANCE:**

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

Corporate Governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company believes the sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value.

The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz. Integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

#### **The Governance Structure**

The Company's Corporate Governance philosophy has following tiers:

- i. Strategic Supervision – by the Board of Directors comprising the Executive and Non-Executive Directors.
- ii. Executive Management- by the Executive Management comprising of the Chairman, MD and Whole time Director.
- iii. Operational Management- by the concerned Departmental Heads/Operation Heads.

The said governance structure besides ensuring greater management accountability and credibility facilitates increased autonomy of business, performance discipline and development of business leaders, leading to public confidence.

### **2. BOARD OF DIRECTORS:**

#### **a) Composition and Category of Directors:**

The Board of directors of the Company consists of 6 directors whose category, attendance in Board meetings and in last AGM is as follows:

S. No.	Name of Directors	PD/ND*	ED/NED /ID*	Atten-dance in last AGM	Attendance in Board Meetings		Other Board	
					Held	Attended	Directorship	Committee Chairmanship
1.	Mr. Gurprit Singh Sandhu	PD	ED	Present	6	6	Director in Tarai Farmlands Pvt. Ltd. Suraiya Exports Pvt. Ltd.	NIL
2.	Mrs. Kiran Sandhu	PD	NED	Absent	6	6	Director in Tarai Farmlands Pvt. Ltd. Suraiya Exports Pvt. Ltd.	NIL
3.	Mr. Ganesh Kumar	NPD	NED/ID	N.A	6	6	NIL	NIL
4.	Mr. Rampyare Singh	NPD	ED	Present	6	6	NIL	NIL
5.	Mr. Melvinder Singh Garewal	NPD	NED/ID	Absent	6	6	NIL	NIL
6.	Mr. Hakam Singh	NPD	NED/ID	Present	6	6	NIL	NIL

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

#### **b) Details of Board Meetings held during the year & the attendance of each Director and the attendance in last AGM :**

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	Mr. Gurprit Singh Sandhu	Mrs. Kiran Sandhu	Mr. Vijay Jolly*	Mr. Rampyare Singh	Mr. Melvinder Singh Garewal	Mr. Hakam Singh	Mr. Ganesh Kumar
30/05/2016	Yes	Yes	Yes	Yes	Yes	Yes	N.A
30/07/2016	Yes	Yes	Yes	Yes	Yes	Yes	N.A
12/08/2016	Yes	Yes	Yes	Yes	Yes	Yes	N.A
14/11/2016	Yes	Yes	N.A	Yes	Yes	Yes	N.A
14/02/2017	Yes	Yes	N.A	Yes	Yes	Yes	Yes
24/03/2017	Yes	Yes	N.A	Yes	Yes	Yes	Yes

\* Ceased to be the Director due to his sad demise w.e.f. 19.10.2016

c) **Disclosure of relationship between Directors inter-se and number of shares held by each of the Non-Executive Directors:**

Mr. G.S. Sandhu & Ms. Kiran Sandhu are related to each other. Except this, no other directors are related to each other. Non- Executive Directors does not hold any shares in the Company.

d) **Web-link of Familiarisation program for independent Directors:**

The Company has imparted requisite training to the Independent Directors. Details of Such Training Programme can be accessed on <http://www.tarafoods.com>

3. **AUDIT COMMITTEE:**

a. **Meetings during the year:**

During the financial year 2016-2017, the Members of the Audit Committee met 4 (Four) times. The dates of the meetings were 30/05/2016, 12/08/2016, 14/11/2016 and 14/02/2017.

b) **Composition of Committee and attendance of members :**

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

\* Ceased to be the Director due to his sad demise w.e.f. 19.10.2016

\*\*Mr. Ganesh Kumar was appointed as the Chairman in the board meeting held on 14.02.2017.

a) **Terms of reference:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation the appointment, remuneration and terms of the appointment of the auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of Statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

4. **NOMINATION AND REMUNERATION COMMITTEE:**

a) **Meetings during the year:**

During the financial year 2016-17, the Members of the Nomination & Remuneration Committee met 3 (Three) times on 30/07/2016, 14/11/2016 & 14/02/2017. The remuneration policy of the Company is annexed as **Annexure-1** to the Directors report. No remuneration is being paid to any of the Directors of the Company.

**b) 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	1	1
2.	**Mr. Ganesh Kumar	Chairman	NED/ID	1	1
3.	Mr. M.S. Garewal	Member	NED/ID	3	3
4.	Mr. Hakam Singh Saini	Member	NED/ID	3	3
5.	Ms. Kiran Sandhu	Member	NED	3	3

\* Ceased to be the Director due to his sad demise w.e.f. 19.10.2016

\*\* Mr. Ganesh Kumar was appointed as the Chairman in the board meeting held on 14.02.2017.

**C) Performance evaluation criteria:**

**The Criteria for evaluation of Independent directors may be on the following parameters:**

- Highest personal and professional ethics, integrity and values
- Practical wisdom and mature judgment
- Attendance and participation in the meetings
- Expert opinions in respect of serious issues.
- Abidance and behavior in accordance with the code of conduct for Directors.
- The willingness and commitment to devote extensive time necessary to fulfill his/her duties.

**Evaluation mechanism:**

- The Performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- On the basis of the report of Performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

**Terms of reference:**

**1. Authority:**

- The Committee is authorized by the Board to:
  - investigate and undertake any activity within its terms of reference; and
  - seek any information it properly requires from any employee of the Company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee.
- If the Committee considers it necessary to do so, it is authorised to obtain appropriate external advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend at meetings of the Committee. The cost of obtaining any advice or services shall be paid by the Company within the limits as authorised by the Board.

**2. Duties:**

- The duties of the Committee in relation to its nominations function shall be:
  - to be responsible for identifying and nominating, for the approval of the Board and ultimately the shareholders, candidates to fill Board vacancies as and when they arise as well as putting in place plans for succession, in particular with respect to the Chairman of the Board and the Chief Executive Officer;
  - to review regularly the Board structure, size, composition and make recommendations to the Board of adjustments that are deemed necessary, in order to ensure an adequate size and a well-balanced composition of the Board and further ensure that a majority of the Board is independent, and to make determinations regarding independence of members of the Board;
  - to consider succession and emergency planning, taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed on the Board, reporting to the Board regularly;
  - to keep under review the leadership needs of the organisation, both executive and non executive, with a view to ensuring the continued ability of the Company to compete effectively in the market place;
  - annual performance evaluation of the Chairman, Managing Director and Whole time director in their respective offices and all directors with respect to their roles as directors;
  - to ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
  - to recommend to the Board whether to re-appoint a director at the end of their term of office.
  - to make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provision of the law and their service contract;
  - to identify and recommend directors who are to be put forward for retirement by rotation;
  - before appointment is made by the Board, to evaluate the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.  
In identifying suitable candidates the Committee may:
    - use open advertising or the services of external advisers to facilitate the search;

- (ii) consider candidates from a wide range of backgrounds; and
- (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- k) to ensure the development of guidelines for selecting candidates for election or re-election to the Board, or to fill vacancies on the Board;
- l) to delegate any of its powers to one or more of its members or the secretary of the Committee;
- m) to consider any other matters as may be requested by the Board; and
- n) to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

### 3. Duties-Remuneration

The duties of the Committee in relation to its remuneration function shall be:

- A. to consider and determine, based on their performance and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board and the Chief Executive Officer, namely,
  - a) base salary;
  - b) bonuses and performance-related payments (including profit-sharing schemes);
  - c) discretionary payments;
  - d) benefits in kind; and
  - e) share options and their equivalents
- B. to approve the remuneration of other members of the senior management of the group
- C. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company.
- D. in relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company;
- E. to delegate any of its powers to one or more of its members or the secretary of the Committee;
- F. to consider any other matters as may be requested by the Board; and
- G. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

### 5. **Remuneration of Directors:**

The Company does not give any Remuneration to all of its Directors.

### 6. **STAKEHOLDERS RELATIONSHIP/ GRIEVANCE COMMITTEE**

#### a) **Meeting during the year:**

During the financial year 2016-2017, Members of the Stakeholders Relationship Committee met 2 (Two) time as on 14/11/2016 and 14/02/2017.

#### a) **Composition of Committee and attendance of members :**

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

\*\*Mr. Ganesh Kumar was appointed as the Chairman in the board meeting held on 14.02.2017.

- b) Mr. G. S. Sandhu, Director, is the Compliance Officer of the Company.
- c) - No. of Investors' Complaints received by the Company: 4
- No. of Complaints not solved to the satisfaction of shareholders: 4
- No. of Complaints not solved / pending: NIL

### 7. **GENERAL BODY MEETINGS :**

#### • **Location and time, where last three AGMs were held :**

Particulars	FY 2013-2014	FY 2014-15	FY 2015-16
<b>Date &amp; Time</b>	September 29, 2014 9:30 A.M	September 30, 2015 9:30A.M	August 30, 2016 9:30A.M
<b>Venue</b>	Elcina House, 422, Okhla Industrial Estate, New Delhi-110020.	Elcina House, 422, Okhla Industrial Estate, New Delhi-110020.	Ghalib Seminar Hall Aiwan –E-Ghalib Marg, (Mata Sundri Lane) New Delhi-110002.



- **Whether any special resolutions passed in the previous 3 AGMs:**  
Two Special Resolutions were passed in the AGM held on 30<sup>th</sup> August 2016.
- **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 any special resolution is proposed to be conducted through postal ballot:**  
No
- **Procedure for postal ballot:**  
N.A

**8. MEANS OF COMMUNICATION:**

The Quarterly Unaudited Financial Results are generally published by the Company in The Financial Express (English), Mint (English), Naya India (Hindi), Jansatta (Hindi).The Company maintains a web-site [www.tarafoods.com](http://www.tarafoods.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. GENERAL SHAREHOLDER INFORMATION:**

**a) Annual General Meeting:**

**Date and Time** : 28<sup>th</sup> September, 2017 at 09.30 A.M.

**Venue** : Ghalib Seminar Hall Aiwan-E-GhalibMarg, (Mata Sundri Lane) New Delhi-110002.

**b) Financial Year** : The financial year of the Company is from April to March.

**c) Dividend payment date :**

N. A.

**d) Name and address of Stock Exchanges at which the listed entity securities are listed:**

The shares of your Company are listed at The Bombay Stock Exchange, Phironze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. The Company has not paid the listing fee to the Bombay Stock Exchange.

**e) Stock Code:**

The Stock Exchange, Mumbai - 519285

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

At BSE (Bombay Stock Exchange)

Month	Monthly High	Monthly Low
Apr-16	3.66	2.77
May-16	3.02	2.50
Jun-16	2.69	2.26
Jul-16	3.31	2.56
Aug-16	3.66	2.45
Sep-16	3.33	2.44
Oct-16	3.22	2.46
Nov-16	3.54	2.41
Dec-16	3.96	2.90
Jan-17	5.12	4.00
Feb-17	4.35	3.60
Mar-17	5.40	2.88

**g) 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.

**h) In case of securities are suspended from trading, the directors report shall explain the reason:**

N.A.

**i) Registrar and Transfer Agents:**

Beetal Financial & Computer Services Pvt. Limited,  
99, 3<sup>rd</sup> 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 31.03.2017:**

Sr. No.	Category	No. of Shares	% of Holding
A.	Promoters' Holding:		
1.	Promoters		
	Indian Promoters	19,31,862	10.90
	Foreign Promoters	63,28,100	35.70
2.	Persons Acting In Concert	NIL	NIL
	Sub- Total	82,59,962	46.60
B.	Non Promoters' Holding		
3.	Institutional Investors:		
a.	Mutual Funds & UTI	12,900	0.07
b.	Banks, FIs, Insurance Companies (Central/State Govt. Institutions/Non- Govt. Institutions)	20,100	0.11
c.	Foreign Institutional Investors	NIL	NIL
	Sub- Total	33,000	0.18
4.	Others		
a.	Private Corporate Bodies	36,57,215	20.63
b.	Indian Public	54,62,802	30.82
c.	NRIs/OCBs/HUF	3,00,235	1.69
	Any Other (Clearing Members- Demat Transit)	14,906	0.08
	Sub-Total	94,35,158	53.22
	<b>GRAND TOTAL</b>	<b>1,77,28,120</b>	<b>100</b>

l) **Dematerialization of Shares & Liquidity:**

As on 31<sup>st</sup> March, 2017, 1,27,05,269 equity shares, representing 71.66. % of total Equity Capital is held in demat form with the NSDL & CDSL.

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

n) **Commodity price risk or foreign exchange risk and hedging activities:** N.A.

o) **Plant Location:** Village: Fazilpur-Mehrola, Tehsil: Kichha, Rudrapur, Dist.: Udham Singh Nagar, Uttarakhand.

p) **Address for Correspondence:** 13, Hanuman Road, Connaught Place, New Delhi- 110001.

10. **OTHER 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:**

A Vigil Mechanism / Whistle Blower Policy, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 was approved by the Board in its Board meeting held on 14<sup>th</sup> November, 2014. The vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee, in exceptional cases.

Mr. Manjit Singh, Plant Manager was appointed as the Vigilance Officer to hear the grievances of the employees with any person in the company and take steps to resolve the issues amicably and report the same to the Managing Director of the Company and offences of serious nature may be brought to the attention Mr. Ganesh Kumar Chairman of the Audit Committee of the Company who shall after hearing the concerned person award appropriate punishment to the offender.

- **Details of compliance of mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with the mandatory requirements of the SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015 and the Company proposed to adopt some of the provisions of the non-mandatory requirements of SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015.

- Web Link where policy for determining "material" subsidiaries and policy on dealing with related party transactions is disclosed:  
<http://www.taraifoods.com>

- **Disclosure of Commodity price risks and commodity hedging activities:** N.A.

11) **The Company has complied all the requirement of the Corporate governance report as mentioned in Schedule V sub paras (2) to (10).**

12) **Extent of Compliance to the discretionary requirements as specified in Part E of Schedule II of the SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015:**

**Reporting of Internal Auditor:** The Company has a proper system in place where the internal auditor may report directly to the audit committee if feels necessary.

13) **The Company has Complied with the all the Corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of Sub regulation (2) of regulation 46 of SEBI(Listing Obligation and Disclosure Requirements, Regulations 2015.**

# CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

## Independent's Auditor's Certificate

### The Members

Tarai Foods Limited

(CIN: L15142DL1990PLC039291)

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

1. We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Uniform Listing Agreement of the said company with the Stock Exchanges, for the year ended 31st March 2017.
2. The Compliance of conditions of corporate governance is the responsibility of the management. Our Examination was limited to procedures and implementation thereof, adopted by the Company ensuring the Compliance of the conditions of the corporate Governance as stipulated in said regulations. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.
4. Based on such a review, in our opinion, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Uniform Listing Agreement of the said company with the Stock Exchanges.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 10/08/2017

Place: Rudrapur

### For Rattan Anil & Co.

Chartered Accountants

Firm Regn. No.: 009414N

Sd/-

Rattan Bansal

Partner

Membership No.: 083929

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## CEO and CFO Compliance Certificate

We, G.S. Sandhu, Director (DIN No. 00053527) and RamPyare Singh, Whole Time Director (DIN No. 03615102) and Chief Financial Officer of Tarai Foods Limited certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2017 and 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 Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility 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. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

G.S. SANDHU

DIRECTOR

DIN No: 00053527

Sd/-

Dr. R.P. SINGH

WHOLE TIME DIRECTOR

CHIEF FINANCE OFFICER

DIN No : 03615102

PAN NO. AXRP3807K

Place : Rudrapur

Date : 14.08.2017

## **Independent Auditor's Report**

### **To the Members of TARAI FOODS LIMITED**

#### **Report on the standalone Financial Statements**

We have audited the accompanying standalone financial statements of TARAI FOODS LIMITED ("the Company") which comprise the Balance Sheet as at 31 March 2017, 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 standalone Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and designs, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the standalone 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 whether the company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, 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 on these standalone financial statements.

#### **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 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 aforesaid standalone 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 2017;
- (ii) in the case of the statement of profit and loss, of the profit 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**

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

1. As required by section 143 (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 it 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;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014,
- e. on the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  1. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice.
  2. The Company did not have any long term contracts including derivative contracts for which there are any material foreseeable losses.
  3. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company .

Place : Rudrapur  
Date : 30<sup>th</sup> May 2017

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

#### **ANNEXURE- A TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i). In respect of its fixed assets:
  - 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 accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. And 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 and the same have been properly dealt with in the books of account;
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii). In respect of its inventory:
  - a) As explained to us, inventories have been physically verified by the Management at regular intervals during the year.
  - b) There were no material discrepancies noticed on such physical verification of inventory as compared to the book records and the same have been properly dealt with in the books of account;
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence (iii)(a), (b) and (c) are not applicable in the case of the Company.
- (iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security, the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v). According to the information and explanations given to us, the Company has not accepted any deposits during the year and accordingly the question of complying with the directives issued by the Reserve Bank of India and the provisions of section 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi). The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii). According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
  - a) in the year under review, the Company is regular in depositing undisputed statutory dues including employees' state insurance, income-tax, sales-tax (VAT), service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to 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. 5.64 lacs including of earlier

years) and sales tax of earlier years amounting to Rs. 8.37 lacs has not been deposited with the Authorities after they have become due. However, provision for provident Fund have been made in Books of Accounts in the earlier years.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- b) As at 31st March, 2017 according to the records of the Company, the following are the particulars of disputed dues on account of Income Tax, Value Added Tax and excise duty matters that have not been deposited:

Name of the Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to which dues relate	Forum where the dispute is pending
Central Excise Act, 1944	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
Uttarakhand Value Added Tax Act, 2005	VAT	Rs. 3.95	Ass. Yr. 2010-11	Appellate Authority upto Jt. Commissioner's level

- (viii) In our opinion and based on our audit procedures and according to the information and explanation given to us and as per the books maintained by the Company, the Company has defaulted in repayment of dues to financial institutions and the bank. The Company has been defaulting to them for more than sixteen years to the tune of Rs. 340 lacs towards principal amount : Rs. 215 lacs to IDBI Bank Ltd. And Rs. 125 Lacs to IFCL Ltd. As per the books of accounts maintained by the Company, the default of unpaid interest to the secured lenders is approx. Rs. 29 crores as on 31.03.2017.
- (ix) In our opinion and based on our audit procedures and according to the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans in the year under review and accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) To the best of our knowledge and according to the information and explanations given to us, the provisions of payment and provision of managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act are complied with. Currently there is no employee to which these provisions are applicable.
- (xii) The company is not a Nidhi Company and hence paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place : Rudrapur  
Date : 30<sup>th</sup> May 2017

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

## **“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of TARAI FOODS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of TARAI FOODS LIMITED (“the Company”) as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting** Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Rudrapur  
Date : 30<sup>th</sup> May 2017

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

**TARAI FOODS LIMITED**  
**AUDITED BALANCE SHEET AS AT 31ST MARCH 2017**

PARTICULARS	Notes No.	AS AT	AS AT
		31-Mar-17	31-Mar-16
		Rs.	Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	153,641,200	153,641,200
Reserves & Surplus	2	-456,635,531	-456,773,854
		-302,994,331	-303,132,654
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	3	313,908,157	313,908,157
Deferred Tax Liability (Net)		0	0
Other Long Term Liabilities	4	10,310,000	8,990,000
Long Term Provisions	5	858,350	745,261
		325,076,507	323,643,418
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings		0	0
Trade Payables	6	13,185,542	11,883,378
Other Current Liabilities	7	3,679,768	7,379,333
Short Term Provisions	8	149,087	131,632
		17,014,397	19,394,342
		39,096,573	39,905,107
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
a.) FIXED ASSETS			
-- Tangible Assets	9	29,943,367	28,726,105
-- Intangible Assets		0	0
-- Capital Work-in- Progress		1,269,336	3,911,997
		31,212,704	32,638,102
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
<b>CURRENT ASSETS</b>			
(a) Current investments		0	0
(b) Inventories	10	2,639,675	2,338,948
© Trade receivables	11	187,098	96,715
(d) Cash and cash equivalents	12	519,370	398,440
(e) Short-term loans and advances	13	4,537,721	4,432,901
(f) Other current assets		0	0
		7,883,864	7,267,003
		<b>39,096,573</b>	<b>39,905,107</b>

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 and on behalf of  
M/s. Rattan Anil & Co.  
Chartered Accountants  
Firm Regn. No. : 009414N

**Sd/-**  
Rattan Bansal  
Partner  
Membership No.083929

FOR & ON BEHALF OF THE BOARD

**Sd/-**  
G.S. SANDHU  
DIRECTOR  
DIN No: 00053527

**Sd/-**  
Dr. R.P. SINGH  
WHOLE TIME DIRECTOR  
03615102  
CHIEF FINANCE OFFICER  
PAN NO. AXRPS3807K

Place : Rudrapur  
Date : 30.05.2017



**TARAI FOODS LIMITED**  
**AUDITED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2017**

		For the year ended 31-Mar-17	For the year ended 31-Mar-16
	Notes		
		Rs.	Rs.
<b>I N C O M E</b>			
I. Net Revenue from Operations	14	29,346,651	19,625,691
II. Other Income	15	19,521	15,316
III.Total Revenue		<b>29,366,172</b>	<b>19,641,007</b>
<b>I V. E X P E N S E S</b>			
Cost of Materials consumed	16	9,601,296	4,694,093
Purchase of Stock in Trade		0	0.00
Changes in inventories of Finished Goods, WIP and stock-in-Trade	17	-424,835	-230,871
Employee Benefit Expenses	18	2,217,449	1,892,123
Finance Cost	19	13,253	21,460
Depreciation and Amortization expenses	9	1,551,440	1,494,759
Other Expenses	20	16,325,426	12,757,521
Total Expenses		<b>29,284,029</b>	<b>20,629,085</b>
<b>V. (LOSS)/ PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>		82,143	-988,078
<b>VI. EXCEPTIONAL ITEMS</b>		0	20,936
<b>VII.PROFIT/ (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX</b>		<b>82,143</b>	<b>-1,009,014</b>
VIII.PRIOR YEAR ITEMS		-56,180	0
<b>IX.PROFIT/ (LOSS) BEFORE TAX</b>		<b>138,323</b>	<b>-1,009,014</b>
X.Tax expenses		0	0
<b>XI.PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPEARATIONS</b>		138,323	-1,009,014
XII.PROFIT/ (LOSS) FROM DISCONTINUING OPEARATIONS		0	0
XIII.Tax Expenses of Discontinuing operations		0	0
<b>XIV.Profit/(loss) from Discontinuing Operations (after Tax)</b>		0	0
<b>XV.Profit / (Loss) for the Period</b>		138,323	-1,009,014
Loss brought forward from previous year		493,733,165	492,724,151
<b>LOSS TRANSFERED TO BALANCE SHEET</b>		<b>-493,594,842</b>	<b>-493,733,165</b>
<b>Earning Per Share before Extra Ordinary Items</b>			
<b>Basic and Diluted EPS</b>		<b>0.01</b>	<b>-0.07</b>
<b>Earning Per Share after Extra Ordinary Items</b>			
<b>Basic and Diluted EPS</b>		<b>0.01</b>	<b>-0.07</b>
<b>The accompanying notes 1 to 22 are an integral part of the Financial Statements.</b>			

For and on behalf of  
M/s. Rattan Anil & Co.  
Chartered Accountants  
Firm Regn. No. : 009414N

**Sd/-**  
Rattan Bansal  
Partner  
Membership No.083929

FOR & ON BEHALF OF THE BOARD

**Sd/-**  
G.S. SANDHU  
DIRECTOR  
DIN No: 00053527

**Sd/-**  
Dr. R.P. SINGH  
WHOLE TIME DIRECTOR  
03615102  
CHIEF FINANCE OFFICER  
PAN NO. AXRPS3807K

Place : Rudrapur  
Date : 30.05.2017

**TARAI FOODS LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017**

	For the Period 31st March, 2017	For the Period 31st March, 2016
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/ (Loss) Before Tax & Extraordinary items	82,143	(1,009,014)
Adjustments for		
Depreciation	1,551,440	1,494,759
Finance Cost	13,253	21,460
Debtors Written Off	-	-
Amounts Written Off	555	2
Operating Profit/ ( Loss) before Working Capital Changes	1,647,391	507,207
Adjustment for		
Trade & Other Recievables	90,384	(19,755)
Loans and Advances	105,376	(83,520)
Inventories	300,727	540,924
Trade and other Payables	(2,266,856)	1,164,274
Cash Generated from operations	(1,115,952)	2,109,129
Net prior year adjustments	56,180	
Finance Cost	(13,253)	(21,460)
Taxes Paid	-	-
<b>Net Cash from Operating Activities (A)</b>	<b>(1,073,024)</b>	<b>2,087,669</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(126,043)	-
Addition in Capital W-I-P		(1,965,871)
Investment in Fixed Deposits	-	-
Sale of Investments	-	-
Cash Flow before Extraordinary Items	(126,043)	(1,965,871)
Adjustments for Extraordinary Items		
<b>Net Cash used in Investing Activities (B)</b>	<b>(126,043)</b>	<b>(1,965,871)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Issue of Share Capital & Share Premium	-	-
Increase in unsecured loans	1,320,000	-
Proceeds from Long Term Borrowings	-	-
Repayment to Financial Institutions and Banks	-	-
Cash Flow before Extraordinary Items	1,320,000	-
Adjustments for Extraordinary Items	-	0
<b>Net Cash used in Financing Activities (C)</b>	<b>1,320,000</b>	<b>-</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>120,931</b>	<b>121,798</b>
Cash & Cash Equivalents as at the beginning of the period( note below)	398,440	276,638
Cash & Cash Equivalents as at the close of the period.(note below)	519,370	398,440
<b>Cash &amp; Cash Equivalents including</b>		
- Cash in hand	87,566	40,205
- Balances with Scheduled Banks	173,656	126,413
- Fixed Deposit with Bank	258,148	231,822
<b>Total</b>	<b>519,370</b>	<b>398,440</b>

**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  
M/s. Rattan Anil & Co.  
Chartered Accountants  
Firm Regn. No. : 009414N

**Sd/-**  
Rattan Bansal  
Partner  
Membership No.083929

FOR & ON BEHALF OF THE BOARD

**Sd/-**  
G.S. SANDHU  
DIRECTOR  
DIN No: 00053527

**Sd/-**  
Dr. R.P. SINGH  
WHOLE TIME DIRECTOR  
03615102  
CHIEF FINANCE OFFICER  
PAN NO. AXRPS3807K

Place : Rudrapur  
Date : 30.05.2017

<b>NOTE 1: SHARE CAPITAL</b>				
	<b>31-Mar-17</b>		<b>31-Mar-16</b>	
	<b>Rs.</b>		<b>Rs.</b>	
<b>AUTHORISED CAPITAL:</b>				
32,000,000 Equity Shares of Rs. 10/- each	320,000,000		320,000,000	
(32,000,000 Equity Shares of Rs. 10/- each)				
150,000 (last year 150,000) Cumulative Convertible Preference Share Of Rs.100/- each	15,000,000		15,000,000	
	<b>335,000,000</b>		<b>335,000,000</b>	
<b>ISSUED, SUBSCRIBED, CALLED UP AND PAID UP</b>				
17,728,120 Equity Shares of Rs. 10 each, fully called up (previous year 17728120 Equity Shares)	177,281,200		177,281,200	
<b>LESS: Calls in arrears- (Refer Note No. 22.20)</b>	23,640,000		23,640,000	
-- By directors and officers Rs.Nil (PY Rs. NIL)				
-- By others Rs. 2.364 crs.(PY Rs. 2.364 crs.)	153,641,200		153,641,200	
<b>A.) The details of the Shareholders holding more than 5% shares:</b>				
	<b>As at 31.03.2017</b>		<b>As at 31.03.16</b>	
Name of the Shareholders	<b>No. of Shares</b>	<b>% held</b>	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>B.) The reconciliation of the number of shares outstanding is set out below:</b>				
Particulars	<b>31-Mar-17</b>		<b>31-Mar-16</b>	
	<b>No. of Shares</b>		<b>No. of Shares</b>	
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.

<b>NOTE 2: RESERVES &amp; SURPLUS</b>		
	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium Reserve</b>		
At the beginning and at the end of the year	36,959,311	36,959,311
<b>SURPLUS</b>		
Debit Balance in profit & Loss A/c.		
As per Last Balance Sheet	-493,733,165	-492,724,151
Add: Profit/ (losses) for the Year	138,323	-1,009,014
At the end of the Year	-493,594,842	-493,733,165
<b>TOTAL</b>	<b>-456,635,531</b>	<b>-456,773,854</b>
<b>NOTE 3: LONG TERM BORROWINGS:</b>		
Refer Note no.: 22 (9)	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Secured:</b>		
<b>TERM LOAN FROM FIS AND BANKS:</b>		
- Rupee Term Loan	34,000,000	34,000,000
- Interest Accrued and Due	289,908,157	289,908,157
	323,908,157	323,908,157
Less: Repayments under negotiated settlement	10,000,000	10,000,000
	<b>313,908,157</b>	<b>313,908,157</b>
* Term Loans from financial institutions / Bank 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. D.S.Bhooi.		

<b>NOTE 4: OTHER LONG TERM BORROWINGS:</b>			
Refer Note no. 22(20)		31-Mar-17	31-Mar-16
		Rs.	Rs.
<b>UNSECURED LOANS:</b>			
- From Others			
- From Directors		6,310,000	4,990,000
- From others#		4,000,000	4,000,000
# Includes unsecured loan from a Company listed in the Register maintained u/s 189 of the Companies Act, 2013.		<b>10,310,000</b>	<b>8,990,000</b>
<b>NOTE 5: LONG TERM PROVISIONS</b>			
<b>( Refer Note No. 21 (6) and 22(11))</b>			
PROVISION FOR EMPLOYEE BENEFITS			
- Provision for Gratuity (unfunded)		<b>779,263</b>	691,079
- Provision for Earned Leaves (unfunded)		<b>79,087</b>	54,182
		<b>858,350</b>	<b>745,261</b>
<b>NOTE 6 : TRADE PAYABLES</b>			
<b>(Refer note no.: 22(2) and 22(6))</b>			
Sundry Creditors- Due to Others		13,185,542	11,883,378
- Due to Micro, small and Medium Enterprises		0	0
		<b>13,185,542</b>	<b>11,883,378</b>
<b>NOTE 7: OTHER CURRENT LIABILITIES</b>			
<b>UNSECURED:</b>			
Security deposits		<b>304,700</b>	304,700
<b>Other Payables:</b>			
Advances from Customers		<b>239,128</b>	3,149,690
Expenses Payable		<b>1,704,252</b>	1,287,873
Other Statutory Dues		<b>1,431,688</b>	2,637,070
		<b>3,375,068</b>	<b>7,074,633</b>
		<b>3,679,768</b>	<b>7,379,333</b>
<b>NOTE 8 : SHORT TERM PROVISIONS</b>			
<b>(Refer Note no. 21(6) and 22 (11))</b>			
Current Portion of Long Term Employee Benefits:			
- Provision for Gratuity (UNFUNDED)		124,094.00	<b>113,655</b>
- Provision for Earned Leaves (UNFUNDED)		24,993.00	<b>17,977</b>
		149,087	131,632

<b>NOTE 9: FIXED ASSETS (Refer Note nos. 21 (2) and 21(3) and Note No. 22 (12))</b>										
		<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
Particulars	As at	Additions	Sale/	As at	As at	For the	on Sale /	As at	As at	As at
	01-Apr-16		Adjustment	31-Mar-17	01-Apr-16	Year	Adjustments	31-Mar-17	31-Mar-17	31-Mar-16
<b>TANGIBLE ASSETS:</b>										
Land	11,083,208	-	-	11,083,208	-	-	-	-	11,083,208	11,083,208
Approach Road	918,569	-	-	918,569	872,641	-	-	872,641	45,928	45,928
Building	34,362,362	-	-	34,362,362	21,877,416	1,086,311	-	22,963,727	11,398,635	12,484,947
Plant & Machinery	84,874,760	2,768,704	-	87,643,464	79,958,384	456,486	-	80,414,870	7,228,594	4,916,377
Furniture & Fixtures	1,583,047	-	-	1,583,047	1,581,237	-	-	1,581,237	1,810	1,810
Office Equipments	6,348,174	-	-	6,348,174	6,157,278	8,643	-	6,165,921	182,253	190,896
Vehicle	679,561	-	-	679,561	676,621	-	-	676,621	2,939	2,939
Total	<b>139,849,680</b>	<b>2,768,704</b>	-	<b>142,618,384</b>	<b>111,123,576</b>	<b>1,551,440</b>	-	<b>112,675,016</b>	<b>29,943,368</b>	<b>28,726,104</b>
Total	<b>138,849,680</b>		-	<b>139,849,680</b>	<b>109,628,817</b>	<b>1,494,759</b>	-	<b>111,123,576</b>	<b>28,726,104</b>	
CAPITAL WIP	<b>3,911,997</b>		<b>2,642,661</b>	<b>1,269,336</b>					<b>1,269,336</b>	<b>3,911,997</b>
									<b>31,212,704</b>	<b>32,638,101</b>

<b>NOTE 10: INVENTORY</b>		
<b>(Refer Note no. 21 (5))</b>	31-Mar-17	31-Mar-16
	Rs.	Rs.
Raw Material	216,275	245,504
W.I.P.	2,097,494	1,374,747
Finished Goods	0	297,913
Stores & Spares	203,602	219,214
Fuel, Oil and Lubricants	10,336	89,604
Packing Material	111,967	111,967
	<b>2,639,675</b>	<b>2,338,948</b>
<b>NOTE 11: TRADE RECEIVABLES</b>		
<b>(Refer Note no. 22 (2), 22 (4) and 22 (5))</b>	31-Mar-17	31-Mar-16
(All the trade receivables are Unsecured)		
	Rs.	Rs.
<b>Debts outstanding for a period over six months :</b>		
- Unsecured but considered good	11,433	20,313
- Unsecured and considered doubtful	579,118	579,118
<b>Others :</b>		
- Unsecured but considered good	143,447	44,184
- Unsecured and considered doubtful	0	0
Less : Provision for doubtful debts	546,900	546,900
	<b>187,098</b>	<b>96,715</b>
<b>NOTE 12: CASH &amp; CASH EQUIVALENTS</b>		
	31-Mar-17	31-Mar-16
	Rs.	Rs.
Balances With Banks In Current Accounts	173,656	126,413
Cash on Hand	87,566	40,205
Fixed Deposit with Bank #	258,148	231,822
	<b>519,370</b>	<b>398,440</b>
# Fixed Deposit with Banks includes deposit of Rs.2.58 lacs (Previous Year Rs. 2.31 lacs) with maturity of more than 12 months.		
# Fixed Deposit against Bank Guarantee under Central Sales Tax.		
<b>NOTE 13: SHORT TERM LOANS AND ADVANCES</b>		
<b>(Refer Note No. 22 (5))</b>		
All are unsecured and Considered Good except as mentioned otherwise	31-Mar-17	31-Mar-16
	Rs.	Rs.
A.) Loan and Advances to Related Parties	0.00	0.00
<b>B.) Loan and Advances to Others: (Unsecured and considered Good)</b>		
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	2,963,009	2,954,636
- Balance with Sales Tax Authority	152,733	152,733
- Balance with Custom Duty and Excise Duty	100	100
VAT ON INPUT	188,422	188,422
Deposits	909,525	813,078
Others#	323,932	323,932
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 )		
	<b>4,537,721</b>	<b>4,432,901</b>

<b>Note 14: REVENUE FROM OPERATIONS</b>				
<b>(Refer Note No.: 21 (4))</b>		31-Mar-17	31-Mar-16	
		Rs.	Rs.	
Sale of Products		28,731,961	19,355,541	
Sale of services		0	0	
Other Operating Revenues		614,690	270,150	
		29,346,651	19,625,691	
Less: Exise Duty/service tax		0	0	
		<b>29,346,651</b>	<b>19,625,691</b>	
<b>Note 15: OTHER INCOME</b>				
		31-Mar-17	31-Mar-16	
		Rs.	Rs.	
Interest Income on Fixed and security deposits		19,521	15,316	
		<b>19,521</b>	<b>15,316</b>	
<b>NOTE 16: COST OF MATERIALS CONSUMED</b>				
		31-Mar-17	31-Mar-16	
		Amt. in Rs.	Amt. in Rs.	% of
				Consumption
Imported	0	0	0	0
Indegenous	9601296	100	4694093	100
	9601296	100	4694093	100
<b>CONSUMPTION OF RAW MATERIAL:</b>				
		31-Mar-17	31-Mar-16	
		Qty (in MT)	Qty (in MT)	Value
				(In Rs.)
Wheat Straw	646	2,611,236	318	1873975
Farmyard Manure	456	227,996	320	128493
Poultry Manure	462	645,011	247	401917
Sweet Corn	0	0	0	0
Raw Peas	0	0	0	0
Misc. (Spawn, Gypsum, coir pith, chemicals, cotton rolls etc.		6,117,053		2289708
		<b>9,601,296</b>		<b>4,694,093</b>
<b>NOTE 17: INCREASE / (DECREASE) IN INVENTORY</b>				
		31-Mar-17	31-Mar-16	
		Rs.	Rs.	
<b>Finished Goods</b>				
<b>Opening stock</b>		297,913	351,088	
<b>Closing stock</b>		0	297,913	
	<b>a</b>	<b>297,913</b>	<b>53,176</b>	
<b>Work in progress</b>				
<b>Opening stock</b>		1,374,747	1,090,700	
<b>Closing stock</b>		2,097,494	1,374,747	
	<b>b</b>	<b>-722,747</b>	<b>-284,047</b>	
	<b>a + b</b>	<b>-424,835</b>	<b>-230,871</b>	
<b>NOTE 18: EMPLOYEE BENEFIT EXPENSES</b>				
Refer to Note No. 21(6)		31-Mar-17	31-Mar-16	
Salaries and Wages		1,934,434.00	1,640,115.00	
Contribution to Provident and other fund		178,423.00	162,138.00	
Expenses on ESOP and ESPP		0.00	0.00	
Staff Welfare Expenses		104,592.00	89,870.00	
		<b>2,217,449.00</b>	<b>1,892,123.00</b>	

<b>NOTE 19: FINANCE COST</b>			
<b>(Refer Note No. 22 (9))</b>			
		31-Mar-17	31-Mar-16
		Rs.	Rs.
Interest expense:			
- Term Loan		0	0.00
- Others		0	0.00
- Bank Charges		13,253	21,460.00
Other Borrowing Costs		0	0
		<b>13,253</b>	<b>21,460</b>
<b>NOTE 20 : OTHER EXPENSES</b>			
<b>MANUFACTURING EXPENSES</b>			
Consumption of Stores, spares and packing material		1,268,910	713,908
Fuel, Power & Water		10,950,145	8,398,647
Repairs to Building		40,680	76,440
Repairs to Machinery		790,947	546,417
Repair & Maintenance - Cold Store		13,450	5,800
	<b>A</b>	<b>13,064,132</b>	<b>9,741,212</b>
<b>MARKETING EXPENSES</b>			
Loading & Unloading Charges		1,343	130
Freight Outward		0	1,670
Cold Store Hire charges		0	16,982
	<b>B</b>	<b>1,343</b>	<b>18,782</b>
<b>ADMINISTRATIVE EXPENSES</b>			
Traveling & Conveyance Expenses		104,045	75,441
Rent		404,360	238,496
General/Board meeting Expenses		12,290	24,283
Miscellaneous Expenses		274,522	94,107
Legal & Professional Charges		1,075,279	1,379,630
License & Filing Charges		54,928	85,982
Insurance		0	0
Repair & Maintenance - Office		110,229	45,467
Listing Fee & Expenses		328,658	278,978
Share Registrar Charges		104,654	77,509
Printing & Stationery		215,847	203,247
Telephone Charges		81,285	67,876
Postage Charges		488,654	423,029
Sales Tax Expenses		4,645	3,480
Amounts w/off		555	2.00
Debtors w/off		0	0.00
	<b>C</b>	<b>3,259,951</b>	<b>2,997,527</b>
<b>TOTAL</b>	<b>A+B+C</b>	<b>16,325,426</b>	<b>12,757,521</b>

## Note 21: STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

### 1. General:

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013 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 :

#### TANGIBLE 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 :

#### TANGIBLE ASSETS:

Depreciation has been provided based on useful life assigned to each asset in accordance with Schedule II of the Companies Act, 2013 as per rates prescribed according to the Straight Line Method.

### 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 :

- 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.
- W.I.P. is valued at cost. Cost for this purpose includes direct cost and attributable overheads.
- 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 Company's contributions are charged to the Profit and Loss Account during the period in which the employee renders the related services.

#### 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:

- 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.
- regarding Income Tax approx. Rs. 129.84 lacs (Previous Year Rs. 129.84 Lacs)
- regarding Bank Guarantee of Rs. 60,757 (Previous year NIL) to the excise department.

### 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 31,2017. 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

Provisions for doubtful debts	Debtors	Loans and Advances
Opening balance as on 01.04.16	5.47	6.71
Provided /Utilised/ Reversed during the year	NIL	NIL
Closing balance as on 31.03.2017	5.47	6.71

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, 2017. 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		2016-17 (Rs. In lacs)	2015-16 (Rs. In Lacs)
Numerator		0.82	(09.88)
Net profit/ (Loss) before Exceptional Items			
Net profit/ (loss) After Exceptional Items		1.38	(10.09)
Denominator		15101453	15364117
Weighted average Equity Shares			
Basic and Diluted EPS	Nos.	0.01	(0.07)
(face value of Rs. 10/- each)			
Before Exceptional Items		0.01	(0.07)
After Exceptional Items			

9. Interest on secured term loans (IDBI Bank and IFCI Ltd.) with the secured lenders have not been provided for in the books of accounts as the company had entered into negotiated settlement with the Secured Lenders - Financial Institutions in 2009-10. The company made a payment of Rs. 1 crore towards the said settlement in earlier years as part of the settlement but defaulted in the payment of further installments. Both of the secured lenders have revoked the negotiated settlement but the company has approached them again for resettlement of the matter and is hopeful of settlement in the near future. Current provision of Interest of Rs. 28.99 crs. due to the secured lenders along with Principal amount of Rs. 3.40 crs. as per Books of Accounts is more than the settlement amount discussed with these lenders and in view of this, there is no fresh provision of interest made for the year under review in the Books of Accounts.

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, 2017 with respect to gratuity is Rs. 9.03 Lacs (Previous year Rs. 8.05 lacs) and with respect to leave encashment/ entitlements Rs. 1.04 Lacs (Previous Year Rs. 0.72 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-

Sr. No.	Components of Employers Expenses	GRATUITY PLAN		LEAVE ENCASHMENT	
		As at March 31,	As at March 31,	As at March 31	As at March 31,
		2017	2016	2017	2016
1.	Current Service Cost	69,463	58,458	29,613	17,862
2.	Interest Cost	61,965	73,229	5,556	6,788
3.	Net Actuarial (gain)/ loss recognized in the period	(32,805)	(1,00648)	(3,248)	(20,456)
4.	Expenses Recognized in the statement of Profit & Loss	98,623	31,039	31,921	4,194

		GRATUITY PLAN		LEAVE ENCASHMENT	
Sr. No.	Net Assets/ (Liability) recognized in Balance Sheet	2017	2016	2017	2016
1.	Present Value of defined Benefit obligation	9,03,357	8,04,734	1,04,080	72,159
2.	Fair Value of Plan Assets	--	--	--	--
3.	Status {(Deficit)/Surplus}	(9,03,357)	(8,04,734)	(1,04,080)	(72,159)
4.	Net Asset/ (Liability) recognized in Balance Sheet	(9,03,357)	(8,04,734)	(1,04,080)	(72,159)
a.	Current	(1,24,094)	(1,13,655)	(24,993)	(17,977)
b.	Non- Current	(7,79,263)	(6,91,079)	(79,087)	(54,182)
Sr. No.	Change in Present Value of Obligations during the Year	2017	2016	2017	2016
1.	Present Value of the Obligation at the Beginning of the Year	8,04,734	9,38,835	72,159	87,031
2.	Current Service Cost	69,463	58,458	29,613	17,862
3.	Interest Cost	61,965	73,229	5,556	6,788
4.	Curtailment Cost/ (Credit)	--	--	--	--
5.	Settlement Cost/(Credit)	--	--	--	--
6.	Plan Amendments	--	--	--	--
7.	Acquisitions	--	--	--	--
8.	Actuarial (Gains)/Losses	(32,805)	(1,00,648)	(3,248)	(20,456)
9.	Benefits paid	0	(1,65,140)	0	(19,066)
10.	Present Value of Obligation at the END of the Year	9,03,357	8,04,734	1,04,080	72,159
Sr. No.	Change in Fair Value of Assets	N.A.	N.A.	N.A.	N.A.
Sr. No.	Actuarial Assumptions	2017	2016	2017	2016
1.	Discount Rate	7%	7.70%	7%	7.70%
2.	Rate of Increase in Compensation Levels	10%	10%	10%	10%
Sr. No.	Major category of Plan Assets	N.A.	N.A.	N.A.	N.A.

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 SYMBOLIC 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 filed a case in Delhi High Court u/s 433 (e) and 434 of the Companies Act, 1956 for winding up of the company.

17.

	2016-17	2015-16
<b>VALUE OF IMPORTS ON CIF BASIS ON RAW MATERIAL, COMPONENTS, SPARE PARTS AND CAPITAL GOODS</b>	NIL	NIL
<b>PAYMENT TO AUDITORS AS:</b>		
STATUTORY AUDIT FEES	51,525	51,525
TAX AUDIT FEES	10,000	10,000
COST AUDIT FEES	NIL	NIL
INTERNAL AUDIT FEES	8,000	5,000
SECRETARIAL AUDIT FEES	10,000	10,000
OTHER REIMBURSEMENTS	--	--
TOTAL AUDIT PAYMENTS	79,525	75,525
<b>EXPENDITURE IN FOREIGN CURRENCY ON ROYALTY, KNOWHOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST AND OTHER MATTERS</b>	NIL	NIL
AMOUNT REMITTED IN FOREIGN CURRENCY ON DIVIDEND	NIL	NIL
<b>EARNINGS IN FOREIGN CURRENCY ON ROYALTY, KNOWHOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST AND OTHER MATTERS</b>	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. Exceptional Items included prior year items including interest on security deposit etc.

20. Related Party Disclosure- As per AS 18, the disclosure of transactions with the related parties are given below:

a. List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:

Sr. No.	Name of the Related Party	Relationship
1.	Mr. G.S. Sandhu-	Key Management Personnel
2.	Dr. Ram Pyare Singh	Key Management Personnel
3.	Kiran Sandhu	Relative of Key Managerial Person and Director
4.	Suraiya Exports Pvt. Ltd. }	Company in which Key
5.	Tarai Farmlands Pvt. Ltd. }	Managerial Person are Directors

b. Details of transactions during the year with related parties:

Nature of transactions	Key Managerial Personnels (KMP)	Amount (Rs. In lacs)	
	(Rs. In Lacs)	2016-17	2015-16
Unsecured loan taken from Mr. G.S.Sandhu	Rs. 13.20		
Balance as at 31.03.2017	Relationship		
1. Unsecured Loan received:			
a. G.S. Sandhu	Key managerial Person	103.10	89.90
b. Tarai Farmlands Pvt. Ltd.	Company in which Key Managerial Person is Director	40.00	40.00
2. Sundry Creditors	KMP/ relatives	5.60	5.60

22. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

# BOOK - POST



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