





TARAI FOODS LIMITED

TARAI FOODS LIMITED

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| BOARD OF DIRECTORS: | Mr. Gurpreet Singh Sandhu | (Managing Director) |
| | Mrs. Kiran Sandhu | (Additional Director) |
| | Mr. Inder Pratap Singh | (Additional Director) |
| | Mr. Amar Dev Singh | (Additional Director) |
| | Mr. N Kannan | (Nominee RCTC) |
| | Mr. Mohan Lal | (Nominee IDBI) |
| | Mr. KP Saxena | (Nominee UPSIDC) |
| | Mr. Yashpal Singh Tyagi | (Nominee UPSIDC) |
| | Mr. Manoj Trehan | (Additional Director) |

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| AUDITORS | Price Waterhouse PW Centre, Mehrauli Badarpur Road, New Delhi-110 030 |
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| BANKERS | 1) State Bank of Travancore Ansal Chamber I Bhikaji Cama Place R.K. Puram New Delhi - 110 066 |
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- 2) State Bank of India
South Extension Part II
New Delhi - 110 049

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| REGISTERED OFFICE | 304, Sai Plaza 187/188, Sant Nagar East of Kailash New Delhi - 110 065 |
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| PLANT | Village Fazilpur Meharola Tehsil Kiecha Rudrapur Distt. Udam Singh Nagar Uttar Pradesh |
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| SHARE TRANSFER AGENT | SRG Infotech (India) Limited 10, Community Centre, East of Kailash New Delhi - 110 065. |
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TARAI FOODS LIMITED

NOTICE OF MEETING

Notice is hereby given that the Eighth Annual General Meeting of the members of Tarai Foods Limited will be held on Monday the 30th November, 1998 at 9.30 A.M. at A-18, Ansal Farm Villa, Satbari, Distt. Mehrauli, New Delhi - 110030 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31st May, 1998 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Gurpreet Singh Sandhu, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT M/s. Jolly & Chanana, X-26, Hauz Khas, New Delhi, Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

- 4) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Mrs. Kiran Sandhu, who was appointed as Additional Director of the company and who holds such office upto the date of this Annual General Meeting and in respect of whom the company has received notice in writing, pursuant to section 257 of the Companies Act, 1956 proposing her candidature to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

- 5) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. I.P. Singh, who was appointed as Additional Director of the company and who holds such office upto the date of this Annual General Meeting and in respect of whom the company has received notice in writing pursuant to section 257 of the Companies Act, 1956, proposing his candidature to the office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

- 6) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Amar Dev Singh who was appointed as Director of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the company has received notice in writing, pursuant to section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

- 7) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Manoj Trehan, who was appointed as Additional Director of the Company and withholds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing, pursuant to section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

- 8) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to section 198, 269, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the approval of members of the Company be and is hereby accorded to the appointment of Shri G.S. Sandhu as Managing Director of the Company for a further period of five years w.e.f. 24th April, 1998 without any salary.

By Order of the Board
For TARAI FOODS LIMITED

Place : New Delhi

Date : November 7, 1998

(G.S. SANDHU)

MANAGING DIRECTOR

TARAI FOODS LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th November to 30th November 1998 (both days inclusive).
3. The members are requested to:
 - a) intimate change, if any, in their registered address at an early date
 - b) quote ledger folio number in all their correspondence
 - c) direct all their correspondence to the Company's Registered Office
 - d) bring their copies of Annual Report and the Attendance Slip with them at the Annual General Meeting.
4. The documents referred to in the proposed resolution, if any, are open for inspection at the Registered Office of the Company during the working hours between 11.00 A.M. and 1.00 P.M. except on holidays.
5. Members seeking further information about the accounts are requested to write to the Company at least 10 days before the date of the meeting so that it may be convenient to get the information ready at the meeting.
6. The Company proposes to set up the transfer section in house w.e.f. 1.1.1999. Hence all the certificate for transfers and the related correspondence shall be addressed to the Registered Office of the Company.
7. The Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto and form part of the Notice.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NOS. 4.5.6 & 7

Mrs. Kiran Sandhu, Mr. Inder Pratap Singh, Mr. Amar Dev Singh and Mr. Manoj Trehan were appointed as Additional Directors of the Company pursuant to section 260 of the Companies Act, 1956 w.e.f. 31.8.98, 31.8.98, 1.9.98 and 1.9.98 respectively. A notice under section 257 of the Companies Act 1956 has been received from members signifying their intentions to propose their candidatures for the office of the Directors of the Company.

Mrs. Kiran Sandhu, Mr. Inder Pratap Singh, Mr. Amar Dev Singh and Mr. Manoj Trehan bring with them their vast experience and knowledge in the corporate field. The Board is of the opinion that their induction on the Board will be beneficial to the Company and therefore, recommends the resolutions for approval of the shareholders.

ITEM NO.8

The Board of Directors has approved the re-appointment of Mr. G.S. Sandhu as Managing Director of the Company for a further period of 5 years w.e.f. 24th April, 1998. Keeping in view the poor financial position of the company Mr. G.S. Sandhu will not withdraw any salary from the Company. This may also be treated as an abstract of the terms and conditions of re-appointment of Mr. G.S. Sandhu under section 302 of the Companies Act, 1956. The above referred resolution of the Board Meeting is open for inspection at the Registered Office of the Company on any working day upto the date of Annual General Meeting between 11.00 A.M. to 1.00 P.M.

As the re-appointment requires the approval of the shareholders, the directors recommend this resolution for your approval.

None of the Directors except Mr. G.S. Sandhu, Mrs. Kiran Sandhu and Mr. Amar Dev Singh (being the wife and son of Mr. G.S. Sandhu respectively) in any way, concerned or interested in this resolution.

TARAI FOODS LIMITED

DIRECTORS' REPORT

The Directors place before you the Eighth Annual Report alongwith Audited Financial Accounts for the year ended March 31, 1998.

The company stopped production during the year under review as the quality of Frozen Potato Products produced from the potato varieties currently available in India were not acceptable to our major customers. To meet the requirements of its major food services customers in Mumbai and Delhi, the company imported French Fries under special import licence obtained from the Government of India.

FINANCIAL RESULTS

| | 1996-97 | 1997-98 |
|--|---------------|---------|
| | (Rs. in Lacs) | |
| Sales | 205 | 264 |
| Gross Profit/(Loss) | (275) | (366) |
| Less: Depreciation & Financial Charges | 223 | 215 |
| Net Profit/(Loss) | (498) | (581) |

REVIEW OF OPERATIONS

The bulk of company sales have been related to the Five Star Hotels and Indian Fast Food Companies in the past year. For now, this is where the bulk of the market development is taking place within the industry. This developmental pace is running less than 15% of the projections given to us by this segment of the market.

Our focus at this time is with Raw Product development. Processing of potatoes this season was stopped as the existing potato varieties fall short in usable quality/quantity by a considerable margin. The usable percentage of the crop must increase significantly to optimize production. This increase will be accomplished with the development of proper processing variety's seed supply, improvements in agricultural methods and improved storage methods/facilities. Vegetable production were halted earlier due to withdrawal from the market of our vegetable customer.

DIRECTORS

Mr. Robert S. Horowitz, Mr. Stephen R. Rummel, Mr. Richard A. Porter, Mr. Kenneth Wayne Difonzo and Mr. Daniel Dionne stepped down from the Board of Directors of the company during the period under review. The Board of Directors place on record its sincere appreciation of the services rendered during their tenure of office as Directors of the Company.

During the period under review, Mrs. Kiran Sandhu, Mr. Inderpratap Singh, Mr. Amar Dev Singh and Mr. Manoj Treha were appointed as additional directors of the Company who all retire at the Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

M/s. Price Waterhouse, Chartered Accountants, New Delhi retire as Auditors of the Company have given their resignation. In their place, we are appointing M/s. Jolly & Chanana. The resolution for their appointment is being placed before the shareholders.

TARAI Foods Limited

CONSERVATION OF ENERGY

The Company has provided energy saving devices and systems, wherever possible. The Company is making efforts to keep its staff and workmen aware of energy conservation and is exploring alternative energy systems, wherever necessary.

TECHNOLOGY ABSORPTION

The Company has retained key technical staff who have been trained by our technical collaborators and have adapted the technology very well.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with Rules framed under the Companies (Particulars of Employees) Rules 1975 is annexed to the Report.

FUTURE PROSPECTS

The Company plans to revert back to vegetable processing operation during the current year. The process of creating market network for distributing frozen vegetables and fruits is already in place. In addition to marketing of frozen potato products imported by the Company, additional sale of frozen vegetables will improve the viability of the Company during the current year.

The Company has been involved in the backward integration linkage with the farmers and also assisting them with the new technology of growing better crops with higher yields.

Our efforts and approach to this emerging industry is being supported by the Government at all levels. Their support has allowed us to continue seed and market development. This support will prove critical to our future within the emerging Frozen Foods Industry in India.

BY ORDER OF THE BOARD

(G.S. SANDHU)
MANAGING DIRECTOR

Place : New Delhi

Date : November 6, 1998

ANNEXURE - 'A'

PERSONS WHO HAVE DRAWN REMUNERATION IN EXCESS OF Rs. 25,000/- p.m. or Rs. 3,00,000 p.a.

| Sl. No. | NAME | AGE | DESIGNATION/ NATURE OF EMPLOYMENT | REMUNERATION RECEIVED (in Rupees) | QUALIFICATION | EXPERIENCE (IN YEARS) | DATE OF COMMENT- CEMENT OF EMPLOYMENT | PREVIOUS EMPLOY- MENT |
|---------|-----------------|-----|---|---|---------------|--------------------------|--|---------------------------------------|
| 1. | Shri Rajiv Goel | 43 | Vice President Sales & Marketing | 823394/- | B.Com | 22 | 1991 | City Farmers Organisation Delhi |

TARAI FOODS LIMITED

AUDITORS REPORT

TO THE MEMBERS OF TARAI FOODS LIMITED

1. We report that we have audited the Balance Sheet of TARAI FOODS LIMITED as at 31st May, 1998 and the relative Profit & Loss Account for the year ended on that date, both of which we have signed under reference to this report.
2. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit & Loss Account together with the significant accounting policies and notes thereon and attached thereto give in the prescribed manner, the information required by the Companies Act, 1956 and also, give, subject to note 2.1 to 2.7 below, respectively, a true and fair view of the state of the Company's affairs as at 31st May, 1998 and its loss for the year ended on that date.
 - 2.1 Note 4 on Schedule 21 regarding accounts being prepared on a going concern basis.
 - 2.2 Note 5 on Schedule 21 regarding possible provisions, the amount of which is not presently ascertainable, that may be required to be made in respect of certain items of fixed assets, which may not be usable.
 - 2.3 Note 9 on Schedule 21 regarding non-provision of gratuity.
 - 2.4 Note 10 on Schedule 21 regarding non-provision of provident fund dues on contracted wages.
 - 2.5 Note 16 on Schedule 21 regarding sale of assets to a company in which a director is interested, pending Central Government approval.
 - 2.6 Note 17 on Schedule 21 regarding appointment of Managing Director subject to approval of shareholders.
 - 2.7 Note 18 on Schedule 21 regarding remuneration of alternate director subject to approval of shareholders.
 - 2.8 Note 19 on Schedule 21 regarding details of amount refundable towards share application money pending reconciliation.
3. Subject to Note 2.1 to 2.8 above we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, subject to the matters stated in para 2.3, 2.4 & 2.8 above, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith.
4. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 dated 7th September, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - i. (a) The Company is in the process of maintaining proper records to show full particulars including quantitative details item wise break up, and situation of its fixed assets.

(b) The management had decided to carry out a physical verification of Fixed Assets of the company according to a phased program designed to cover all the items over a period of three years, which we consider reasonable. However, no physical verification of fixed assets has been carried out during the year. Accordingly, we are unable to comment on any discrepancies between physical assets and book records.
 - ii. None of the fixed assets have been revalued during the year.