

TARAI FOODS LIMITED



Tarai

Report  junction.com

12TH

ANNUAL REPORT 2001-2002

**NO COUPONS / GIFT WILL BE DISTRIBUTED AT OR
BEFORE THE MEETING**

TARAI FOODS LIMITED

| | | |
|--------------------|---------------------------|---------------------|
| Board of Directors | Mr. Gurpreet Singh Sandhu | (Managing Director) |
| | Mrs. Kiran Sandhu | (Director) |
| | Mr. Inder Pratap Singh | (Director) |
| | Mr. A. L. Bongirwar | (Nominee IDBI) |
| | Mr. Dilip S. Majithia | (Director) |

| | |
|-------------------------------------|-----------------------|
| Audit Committee, Investors | Mr. Dilip S. Majithia |
| Grievances Committee & Remuneration | Mrs. Kiran Sandhu |
| & Recruitment Committee | Mr. I. P. Singh |

| | |
|----------|---------------------|
| Auditors | M/s Jolly & Chanana |
| | X-26, Hauz Khas |
| | New Delhi 110016 |

| | |
|---------|--------------------------|
| Bankers | State Bank of Travancore |
| | Ansai Chamber I |
| | Bhikaji Cama Place |
| | R. K. Puram |
| | New Delhi 110066 |

| | |
|--------------|---------------------|
| Regd. Office | B-200 Mount Kailash |
| | East of Kailash |
| | New Delhi 110065 |

| | |
|-------|---------------------------|
| Plant | Village Fazilpur Meharola |
| | Tehsil Kiecha |
| | Rudrapur |
| | Distt. Udham Singh Nagar |
| | Uttanchal |

| | |
|----------------------|---|
| Share Transfer Agent | Beetal Financial & Computer Services (P) Ltd. |
| | 321-S, Chirag Delhi. |
| | Near Shaheed Bhagat Singh College. |
| | New Delhi 110017 |
| | Tel.: 6231990. 6232390 |

| | |
|----------|--------------|
| ISIN No. | INE906C01016 |
|----------|--------------|

INDEX

| | |
|------------------------------|----------|
| Contents | Page No. |
| Notice | 1 |
| Directors Report | 2 |
| Auditors Report | 10 |
| Balance Sheet | 12 |
| Profit & Loss Account | 13 |
| Schedules '1' to '20' | 14-20 |
| Balance Sheet Abstract | 21 |
| Cash Flow Statement | 22 |

Tarai Foods Limited

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of Tarai Foods Limited will be held on Thursday, the 26th day of September, 2002 at 9:30 A. M. at the Executive Club, 439, Village Shahoorpur, P. O. Fatehpur Beri, New Delhi-110030 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. I. P. Singh who retires by rotation and being eligible, offers himself for reappointment.
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 authorise 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, the retiring Statutory Auditors of the Company be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company".

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 subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities and Exchange Board of India Act, Securities Contracts Regulations Act, 1956 and the rules framed thereunder, Listing Agreements with Stock Exchanges and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, the consent of the members be and is hereby accorded to delist the Equity Shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Jaipur and Kolkata."
"Resolved further that the Board be and is hereby authorised to do all such acts, deeds and things which are required, considered necessary or incidental thereto."

By order of the Board
For Tarai Foods Limited

Place: New Delhi
Date : 29.08.2002

G. S. Sandhu
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed on 26.09.2002.
3. Members seeking further information about the accounts are requested to write at least 10 days before the date of meeting so that it may be convenient to get the information ready at the meeting.
4. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.

ANNEXURE TO THE NOTICE

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

Item No: 4

The Company's securities are listed on the Stock Exchanges of New Delhi, Ahmedabad, Jaipur, Kolkata and Mumbai. The transactions on the Stock Exchanges of Ahmedabad, Jaipur and Kolkata are scanty and it is also observed that the listing fees paid to these stock exchanges are disproportionately higher. As a part of cost reduction measure, it is proposed to delist the equity shares of the Company from these stock exchanges.

The same is proposed to be considered and approved. The Board recommends the Resolution for approval. None of the Directors is concerned or interested in the passing of this resolution.

By order of the Board
For Tarai Foods Limited

Place: New Delhi
Date : 29.08.2002

G. S. Sandhu
Managing Director

Tara Foods Limited**DIRECTORS' REPORT**

Dear Members,

Your Directors present the 12th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2002.

| Financial Results | | (Rupees in lacs) | |
|--|--|--|--|
| Particulars | For the period ended 31-03-2002 | For the period ended 31-03-2001 (10 Months) | |
| Gross Revenue | 102 | 356 | |
| Operating Profit/(Loss) before Interest, Finance charges and Depreciation | (22) | (218) | |
| Less: Interest & Finance Charges | 244 | 160 | |
| Profit/(Loss) before Depreciation | (266) | (378) | |
| Less: Depreciation | 49 | 41 | |
| Net Profit/(Loss) for the year | (315) | (419) | |
| Less: Provision for Taxation | - | - | |
| Net Profit/(Loss) after Taxation | (315) | (419) | |

DIVIDEND

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REVIEW OF OPERATIONS AND FUTURE PLANS

The whole food processing Industry has been going through a turbulent phase. The Industry is facing the problems of poor infrastructure facilities viz. poor transportation conditions, inadequate and erratic water and power supplies. This coupled with high cost of transportation and maintenance of the raw, semi-finished as well as finished goods has made some of the products commercially unviable. However it is expected that in near future these things will improve.

There is very little market for frozen vegetables other than frozen peas. For frozen peas there is lot of market awareness & thus demand & consumption is increasing every year. This year the Company could get the processing order for approximately 500 T on job work basis. It is expecting to have full capacity utilised in the coming season next year. In the absence of inadequate working capital, the Company has changed its focus to do processing on job work basis for which the Company's sales team is negotiating with many prospective clients. Simultaneously, the Company is also trying to arrange short term funds for the working capital so that it can do its own processing at a reasonable level.

The Company had filed a petition against the insurers with the National Consumer Forum. On the dismissal of petition at National Consumer Forum, the Company is planning to approach the Supreme Court.

As you are aware that the Company had become a sick Company within the meaning of clause (O) of subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and had approached Board for Industrial and Financial Reconstruction (BIFR) for its rehabilitation. During the year, the Company has been declared Sick. The rehabilitation of the Company under the aegis of BIFR is underway. The Company is planning to formulate a rehabilitation package for the revival of the Company under the supervision & guidance of IDBI, which has been appointed as an operating agency by the Board for Industrial and Financial Reconstruction (BIFR). The term lending Financial Institutions and Banks have indicated that in view of the recent changes in the recovery remedies available to them, they would be interested in the one-time settlement of their dues. The Company is in the process of convincing them for the feasibility of revival of the Company by the induction of a strategic partner who will be able to infuse further funds into the Company. The Company has also sought further time for them in order to give them a firm proposal on this matter.

Taral Foods Limited

CHANGE OF SHARE TRANSFER AGENT

During the period under review, the Company has appointed M/s. Beetal Financial & Computer Services Pvt. Limited as its share transfer agent. The Members are requested to address their communication to them.

DIRECTORS

Pursuant to Section 256 of the Companies Act 1956, Mr. I. P. Singh, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

The provisions of the Corporate Governance became applicable on your Company during the financial year 2001-2002. A comprehensive report on corporate governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

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

FIXED DEPOSITS

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

AUDITORS

M/s. Jolly & Chanana, X-26, Hauz Khas, New Delhi, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. The Company has received a Certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with the provisions of Section 224(1-B) of the Companies Act, 1956.

Comments on Auditors' remarks:

Point No. XV: The Company is in the process of strengthening its internal audit system.

Point No. XVII: The Company is passing through a severe liquidity crunch. However, the efforts are being made to regularise the Provident Fund deposits with the Provident Fund Authorities. After the Balance Sheet date, the Company has already deposited its PF dues upto April, 2002.

EMPLOYEES

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

STOCK EXCHANGE LISTING

The shares of the your Company are listed at the following Stock Exchanges:

1. The Delhi Stock Exchange Association Limited, DSE House, 3/1, Asaf Ali Road, New Delhi 110002.
2. The Calcutta Stock Exchange Association Limited, 7, Lyons Range, Calcutta-700 001.
3. The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
4. The Stock Exchange, Kanidhenu Complex, Opposite Sahajanand College, Panjarapole, Ahmedabad.
5. The Jaipur Stock Exchange Limited, Rajasthan Chamber Bhawan, MI. Road, Jaipur-302 001.

Due to poor financial position of the Company, the Company could not pay the Listing Fees to any of the Stock Exchanges where the shares of the Company are listed.

The Company has observed that the transactions of the Company's shares on the Stock Exchanges of Ahmedabad, Jaipur and Kolkata are scanty and it is also observed that the listing fees paid to these stock exchanges are disproportionately higher. As a part of cost reduction measure, it is proposed to delist the equity shares of the Company from these stock exchanges.

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 technology used by the Company is purely indigenous. Continuous flow of information on latest development and improvement in technology absorption have been established.

Tarai Foods Limited

FOREIGN EXCHANGE EARNINGS & OUTGO

During the year under review the Company has neither earned any foreign exchange nor used any foreign exchange.

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

Your Directors hereby state that:

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

APPRECIATION

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: 29.08.2002

Kiran Sandhu
Director

G. S. Sandhu
Managing Director

REPORT ON CORPORATE GOVERNANCE

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

The provisions of Corporate Governance became applicable during the financial year 2001-2002. Your Company strives to imbibe fairness, transparency, accountability and responsibility through the adoption of the practice of Corporate Governance. The Company has taken adequate steps to ensure that the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges are complied with.

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

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

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

| Sl. No. | Name of Directors | PD/NPD/** | ED/NED/ID* | Attendance in Last AGM | Attendance in Board Meeting | | Other Board | |
|---------|---------------------------|-----------|------------|------------------------|-----------------------------|----------|---|------------------------|
| | | | | | Held | Attended | Directorship | Committee Chairmanship |
| 1. | Mr. Gurpreet Singh Sandhu | PD | ED | Present | 4 | 4 | Director in : Tarai Farmlands Pvt. Ltd. Tarai Agro Inds. Limited Suraiya Exports Pvt. Ltd. | Nil |

Tarai Foods Limited

| Sl. No. | Name of Directors | PD/ NPD/* | ED/NED/ ID* | Attendance in Last AGM | Attendance in Board Meeting | | Other Board | |
|---------|---|--------------|----------------|---------------------------|--------------------------------|----------|---|--|
| | | | | | Held | Attended | Directorship | Committee Chairmanship |
| 2. | Mrs. Kiran Sandhu | PD | NED | Absent | 4 | 4 | Director in : Tarai Farmlands Pvt. Ltd. Tarai Agro Inds. Limited Suraiya Exports Pvt. Ltd. | Member of committee in Tarai Foods Ltd. Audit Committee. Investor Grievances Committee and Remuneration and Recruitment committee. |
| 3. | Mr. I. P. Singh | NPD | NED/ID | Absent | 4 | 2 | Director in : R.B.N.S. Sugarmills Ltd. Corbett Country Resorts Pvt. Ltd. | -DO- |
| 4. | Mr. D. S. Majithia | NPD | NED/ID | Absent | 4 | - | Director in : Saraya Engg. Works (P) Ltd. | -DO- |
| 5. | Mr. Mohan Lal (Nominee of IDBI) withdrawal of nomination w.e.f.30.8.2001 | NPD | ID | Absent | 2 | 1 | | |
| 6. | Mr. A. L. Bongirwar (Nominee of IDBI w.e.f.30.8.2001) | NPD | ID | Absent | 2 | 2 | Director in : Mandake Foundation Search Chem Inds. Limited | |

- * 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 :

| Date of Board Meeting | Board Strength | No. of Directors Present |
|-----------------------|----------------|--------------------------|
| 24.05.2001 | 5 | 4 |
| 25.07.2001 | 5 | 3 |
| 23.11.2001 | 5 | 3 |
| 29.01.2002 | 5 | 3 |

3. AUDIT COMMITTEE:

a) Composition of Committee and attendance of members :

| Sl. No. | NAME OF DIRECTOR | POSITION | CATEGORY | NO. OF MEETINGS | ATTENDANCE |
|---------|--------------------|----------|----------|-----------------|------------|
| 1. | Mr. D. S. Majithia | Chairman | NED/ID | 01 | Present |
| 2. | Mrs. Kiran Sandhu | Member | NED | 01 | Present |
| 3. | Mr. I. P. Singh | Member | NED/ID | 01 | Present |

b) Terms of reference :

- To review the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence and effectiveness ;
- To review of internal controls, delegation of authority limits;
- To act as an interface between the management and the statutory and internal auditors overseeing the internal audit functions.

Tarai Foods limited

- To oversee the Company's financial statements, including annual and quarterly financial results, and financial accounting practices & policies.
- To review all internal systems, review the Company's financial and risk management policies, audit and control procedures of the company including but not limited to appointment of statutory/internal auditors from time to time and also to review the annual accounts, quarterly unaudited financial results and limited review report before they are put up to Board for its approval"

4. REMUNERATION & RECRUITMENT COMMITTEE :

a) Composition of Committee and attendance of members :

| Sl. No. | NAME OF DIRECTOR | POSITION | CATEGORY | NO. OF MEETINGS | ATTENDANCE |
|---------|--------------------|----------|----------|-----------------|------------|
| 1. | Mr. D. S. Majithia | Chairman | NED/ID | 01 | Present |
| 2. | Mrs. Kiran Sandhu | Member | NED | 01 | Present |
| 3. | Mr. I. P. Singh | Member | NED/ID | 01 | Present |

b) Terms of reference :

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

c) Remuneration Policy :

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

5. INVESTORS'/SHAREHOLDERS' GRIEVANCES COMMITTEE

a) Composition of Committee and attendance of members :

| Sl. No. | NAME OF DIRECTOR | POSITION | CATEGORY | NO. OF MEETINGS | ATTENDANCE |
|---------|--------------------|----------|----------|-----------------|------------|
| 1. | Mr. D. S. Majithia | Chairman | NED/ID | 01 | Present |
| 2. | Mrs. Kiran Sandhu | Member | NED | 01 | Present |
| 3. | Mr. I. P. Singh | Member | NED/ID | 01 | Absent |

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

- c) - No. of Investors' Complaints received by the Company 12
 - No. of Complaints not solved / pending NIL
 - No. of pending Share Transfers

Since last committee meeting on 16th August, 2002, 13200 share certificates have been received and are under processing

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

(At The Mumbai Stock Exchange)

| Month | Monthly High | Monthly Low |
|-----------------|--------------|-------------|
| April, 2001 | 4 | 2 |
| May, 2001 | 4 | 2.20 |
| June, 2001 | 6 | 3.10 |
| July, 2001 | 4.35 | 2 |
| August, 2001 | 2.60 | 1.55 |
| September, 2001 | 2.35 | 1.50 |
| October, 2001 | 1.55 | 1 |
| November, 2001 | 2.55 | 1.15 |
| December, 2001 | 2 | 1.15 |
| January, 2002 | 1.25 | 0.90 |