

TARAI FOODS LIMITED



Tarai

13TH ANNUAL REPORT 2002-2003

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

Tarai Foods limited

TARAI FOODS LIMITED

Board of Directors
(As on 03/09/03)

Mr. Gurprit Singh Sandhu
Mrs. Kiran Sandhu
Mr. Inder Pratap Singh
Mr. N. K. Bharti

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

Audit Committee, Investors
Grievances Committee & Remuneration
& Recruitment Committee
(As on 03/09/03)

Mr. N. K. Bharti
Mrs. Kiran Sandhu
Mr. I. P. Singh

Auditors

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

Bankers

State Bank of Travancore
Ansal Chamber I
Bhikaji Cama Place
R. K. Puram
New Delhi 110066

Regd. Office
(w.e.f. 25/08/03)

II/E-55,
Lajpat Nagar-II
New Delhi 110024

Plant

Village Fazilpur Meharola
Tehsil Kiccha
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.: 29251990, 29255230

ISIN No.

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Tarai Foods limited

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the members of Tarai Foods Limited will be held on Tuesday, the 30th day of September, 2003 at 9.30 a.m. at Elcina House, 422, Okhla Industrial Estate, New Delhi- 110 020 to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Kiran Sandhu who retires by rotation and being eligible, offers herself for 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, Chartered Accountants, X-26, Hauz Khas, New Delhi, 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".

AS 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 Mr. N. K. Bharti, who was appointed as an Additional Director of the Company w.e.f. 26th May, 2003 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."
"RESOLVED FURTHER THAT Mr. G. S. Sandhu, Managing Director of the Company be and is hereby authorized to file the necessary form(s) with the Registrar of Companies, NCT Delhi & Haryana and to do all things which are necessary & incidental in order to give effect to this resolution."
5. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an **Special 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."
6. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to Sections 198, 269, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the approval of the 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. 27th June, 2003 without any salary."

By order of the Board
For Tarai Foods Limited

Place: Rudrapur
Date : 03/09/2003

Sd/-
G. S. Sandhu
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The registered office of the Company has been changed to II/E-55, Lajpat Nagar-II, New Delhi-110024. Any further correspondence to the Company shall be addressed to the new address.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 29/09/2003 to 30/09/2003 (both days

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- inclusive).
4. 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.
 5. 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

Mr. N. K. Bharti was appointed as an additional director of the Company on 26th May, 2003. According to the provisions of section 260 of the Companies Act, 1956, he holds office as Director only upto the date of the ensuing Annual General Meeting of the Company. As required by section 257 of the Companies Act, 1956 a notice has been received from members signifying his intention to propose appointment of Mr. N. K. Bharti as a Director. The Board considers it desirable that the Company should continue to avail itself of his services and recommends the resolution for approval of the members.

None of the Directors except Mr. N. K. Bharti is concerned or interested in this resolution.

Item No: 5

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 high. 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.

Item No: 6

The Board of Directors has approved the appointment of Mr. G. S. Sandhu as Managing Director of the Company for a period of 5 years w. e. f. 27th June, 2003. 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 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. The same is proposed to be considered and approved. The Board recommends the resolution for approval.

None of the Directors except Mr. G. S. Sandhu and Mrs. Kiran Sandhu (being the wife of Mr. G. S. Sandhu) are concerned or interested in this resolution.

By order of the Board
For Tarai Foods Limited

Place: Rudrapur
Date : 03/09/2003

Sd/-
G. S. Sandhu
Managing Director

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DIRECTORS' REPORT

Dear Members,

Your Directors present the 13th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2003.

Financial Results	(Rupees in lacs)	
Particulars	For the period ended 31-03-2003	For the period ended 31-03-2002
Gross Revenue	12	102
Operating Profit/(Loss) before Interest, Finance charges and Depreciation	(33)	(22)
Less: Interest & Finance Charges	296	244
Profit/(Loss) before Depreciation	(328)	(266)
Less: Depreciation	50	49
Net Profit/(Loss) for the year	(378)	(315)
Less: Provision for Taxation		
Net Profit/(Loss) after Taxation	(378)	(315)

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 DURING THE YEAR

The whole food processing industry has been going through a turbulent phase. The industry is facing the problems of poor infrastructural 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.

As there is little market awareness about frozen vegetables other than frozen peas, the consumption and demand is generally low except for frozen peas, where there is lot of market awareness & thus demand & consumption is increasing every year. In the absence of inadequate working capital. This year the Company could process approximately 130 Ton on job work basis.

The petition filed by company against the insurers with the National Forum has been dismissed on the grounds that the matter can not be resolved in a summary manner without recording elaborate evidences and the company should approach civil court or any other forum. The company appealed to Supreme Court, in which appeal was dismissed on the ground that having regard to the nature and the large amount of claim and the extensive enquiry required into the evidences in order to resolve the disputes between the parties, the case is not a matter to be decided summarily at all and hence should not go to National Forum but a Civil Court. The company is planning to approach Civil Court for the same.

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 and has already been declared Sick. The Company had filed its rehabilitation package, which was not accepted by Operating Agency (IDBI) in the joint meeting of the financial institutions and Bankers, due to the inability of the Promoters to bring in fresh funds into the Company. I.D.B.I. had written to BIFR for winding up of the company however, BIFR refused to do so and instead asked I.D.B.I. to release an advertisement in the newspaper inviting proposals for merger/amalgamation/takeover etc. Consequently under instructions of BIFR, the Operating Agency (I.D.B.I.) has issued advertisement for the sale/amalgamation/merger etc. of the Company but there has not been any favorable response towards it. Now, the management is directly pursuing with its lenders for a time bound settlement and/or restructuring of their dues.

DIRECTORS

Pursuant to Section 256 of the Companies Act 1956, Mr. G.S.Sandhu and Mrs. Kiran Sandhu, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. Mr. G.S.Sandhu was appointed as Managing Director of the Company w.e.f. 27th June, 2003 under the provisions of Schedule XIII of the Companies Act, 1956 for a period of 5 years without any remuneration. Mr. D.S.Majithia and Mr. A.L.Bongirwar (nominee of IDBI) have resigned from the office of the Director. The Board places deep appreciation for their valuable contributions to the Company. Mr. N.K.Bharti was appointed as an additional

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director of the Company w.e.f. 26th May, 2003 and is proposed to be appointed as director of the Company in the forthcoming Annual General meeting.

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:

The remarks of the Auditors in their report read with notes attached to the accounts are self explanatory and therefore do not call for any further comments.

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. The Company has already deposited its PF dues for the financial year 2002-03.

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, Kamdhenu 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, except to the Stock Exchange, Mumbai to whom the fee has been paid.

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 high. 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.

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

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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

Sd/-

Sd/-

Place: Rudrapur

Date: 3.9.2003

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
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, Remuneration & Recruitment committee Shareholders' Grievances Committee

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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
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. A. L. Bongirwar (Nominee of IDBI Nomination withdrawn w.e.f. 10.6.2003)	NPD	ID	Absent	4	2	Director in : Mandake Foundation Search Chem Inds. Limited	
6.	Mr. N. K. Bharti**	NPD	NED/ID	N. A.	N. A.	N. A.		

PD - Promoter Director ;

NPD - Non Promoter Director ;

ED - Executive Director ;

NED - Non-Executive Director ;

ID - Independent Director

* Resigned w.e.f. 30/04/2003

** Appointed as Additional Director w.e.f. 26/05/2003

b) Details of Board Meetings held during the year :

Date of Board Meeting	Board Strength	No. of Directors Present
28.06.2002	5	2
29.08.2002	5	3
18.11.2002	5	3
13.03.2003	5	2

3. AUDIT COMMITTEE :

During the financial year 2002-03, the Members of the Audit Committee of Tarai Foods Limited met 3 times. The dates of the meetings were 23/07/2002, 16/10/2002 and 23/01/2003.

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	03	03
2.	Mrs. Kiran Sandhu	Member	NED	03	03
3.	Mr. I. P. Singh	Member	NED/ID	03	03

b) Terms of reference :

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