

TARAI FOODS LIMITED



Tarai

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14TH ANNUAL REPORT 2003 - 2004

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BEFORE THE MEETING**

Tarai Foods Limited

TARAI FOODS LIMITED

Board of Directors	Mr. Gurprit Singh Sandhu Mrs. Kiran Sandhu Mr. Inder Pratap Singh Mr. N.K. Bharti	(Managing Director) (Director) (Director) (Director)
Audit Committee, Investors Grievances Committee & Remuneration & Recruitment Committee	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	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.	INE906C01016	

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the members of Tarai Foods Limited will be held on Thursday, the 30th day of September, 2004 at 3.00 p.m. at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 030 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2004 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. G.S. Sandhu 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".

AS SPECIAL BUSINESS :

4. 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 Stock Exchange at Delhi.
"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 : 01/09/2004

Sd/-
G. S. Sandhu
Managing Director.

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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 office of Members and Share Transfer Books of the Company will remain closed on 29/09/2004 to 30/09/2004 (both days inclusive).
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 COMPANY ACT, 1956.

ITEM NO. 5

The Company's securities are listed on the Stock Exchanges of New Delhi, 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 the stock exchange is disproportionately high. The company has already applied to Jaipur and Kolkata for delisting of its securities. Now, as a part of cost reduction measure, it is proposed to delist the equity shares of company from the stock exchange at Delhi.

The same is proposed to be considered and approved. The Boards 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 : 01.09.2004.

**sd/
G. S. Sandhu
Managing Director**

Tarai Foods Limited

DIRECTORS' REPORT

Dear Members,

Your Directors present the 14th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2004.

Financial Results	(Rupees in lacs)	
Particulars	For the period ended 31-03-2004	For the period ended 31-03-2003
Gross Revenue	99	12
Operating Profit/(Loss) before Interest, Finance charges and Depreciation	2	(33)
Less: Interest & Finance Charges	354	296
Profit/(Loss) before Depreciation	(352)	(328)
Less: Depreciation	47	50
Net Profit/(Loss) for the year	(399)	(378)
Less: Provision for Taxation	---	---
Net Profit/(Loss) after Taxation	(399)	(378)

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

Poor infrastructural facilities viz. poor transportation conditions, inadequate and erratic water and power supplies, high maintenance cost of raw material, semi finished and finished good have made some of the frozen products commercially unviable. This coupled with no demands for frozen products other than for frozen peas has made the frozen food industry going through turbulent phase.

However, with the entry of business groups like Chambal Fertilisers Co. Ltd., it is expected that the things are going to improve. In the year under review, the company could get order from Chambal Fertilisers Co. Ltd. for processing of frozen peas on job work basis and is hopeful of getting similar order in the coming season as well.

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. Now, the management is directly pursuing with its lenders for a time bound settlement and/or restructuring of their dues.

Your Company is very positive and optimistic about the scope of job work assignments and is aggressively looking for new orders from various Companies of repute. We are hopeful to make substantial progress in this front in the next year.

DIVIDEND

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

AUDITORS

M/s. Jolly & Chanana, X-16, 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. 9 (a) of CARO : The Company is passing through a severe liquidity crunch. However the efforts are being made to

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regularize the Provident Fund deposits with the Provident Fund Authorities and also with Sales Tax Authorities. Due to defaults with Bank, Bank has not released money for depositing with Investor Education and Protection Fund Hence, Company has defaulted to the tune of Rs. 2.25 lacs.

DIRECTORS

Pursuant to Section 256 of the Companies Act 1956, Mr. G. S. Sandhu Director of the Company retire by rotation and being eligible, offer himself for re-appointment. Mr. N. K. Bharti was appointed as additional Director of the Company held on 30th September, 2003.

DELISTING OF SECURITIES

The Company had applied for delisting of its securities from Stock Exchanges at Ahmedabad, Jaipur and Kolkata. The securities of the Company were delisted from the stock Exchange at Ahmedabad w.e.f. 31st March, 2004. The Company has observed that the transactions of the Company's Shares on the Stock Exchange of Delhi are Scanty and it is also observed that the listing fees paid to the stock exchange is disproportionately high. As a part of cost reduction measure, it is proposed to delist the equity shares of the Company from this Stock Exchange.

FIXED DEPOSITS

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

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 presently 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 Jaipur Stock Exchange Limited, Rajasthan Chamber Bhawan, M.I. Road, Jaipur-302 001.

The company has paid listing fees to all the Stock Exchanges for the financial year under review. except Delhi Stock Exchange to whom the fees is in arrears for 2 years.

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.

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CORPORATE GOVERNANCE

A Comprehensive report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

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

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

Your Directors hereby state that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. Such accounting policies had been selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the 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: 01.09.2004

Sd/-
Kiran Sandhu
Director

sd/-
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 4 directors whose category, attendance in Board meetings and in last AGM is as follows:

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Sl. No.	Name of Directors	PD/NPD*	ED/NED/ID*	Attendance in last AGM	Attendance in Board Meetings		Other Board	
					Held	Attended	Directorship	Committee Chairmanship
1.	Mr. Gurprit Singh Sandhu	PD & Chairman	ED	Present	5	5	Director in Tarai Farmlands Pvt. Ltd. Tarai Agro Inds. Ltd. Suraiya Exports Pvt. Ltd	NIL
2.	Mrs Kiran Sandhu	PD	NED	Absent	5	5	Director in Tarai Farmlands Pvt. Ltd. Tarai Agro-Inds. Limited Suraiya Exports Pvt. Ltd.	NIL
3.	Mr. I. P. Singh	NPD	NED/ID	Absent	5	-	Director in R. B. N. S. Sugarmills Ltd. Corbett Country Resorts Pvt. Ltd. T.P.S. Investments Pvt. Ltd.	NIL
4.	Mr. N. K. Bharti	NPD	NED/ID	Absent	5	5	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 :

Date of Board Meeting	Board Strength	No. of Directors Present
27.06.2003	4	3
31.07.2003	4	3
03.09.2003	4	3
31.12.2003	4	3
31.01.2004	4	3

3. AUDIT COMMITTEE :

During the financial year 2003-04, the Members of the Audit Committee met 3 times. The dates of the meetings were 29/04/2003, 25/10/2003 and 11/02/2004.

a) Composition of Committee and attendance of members :

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SI. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	Mr. N. K. Bharti*	Chairman	NED/ID	02	02
2.	Mrs. Kiran Sandhu	Member	NED	03	03
3.	Mr. I. P. Singh	Member	NED/ID	03	-
4.	Mr. D. S. Majithia**	Chairman	NED/ID	01	01

* Mr. N. K. Bharti was appointed as Chairman of the Audit Committee w.e.f. 25/10/2003.

** Mr. D.S. Majithia resigned from the Directorship of the Company and thereby from the Chairmanship of the Committee w.e.f. 30/04/2003.

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".

4. REMUNERATION & RECRUITMENT COMMITTEE :

During the financial year 2003-04, the Members of the Remuneration and Recruitment Committee met 3 times. The dates of the meetings were 29/04/2003, 25/10/2003 and 11/02/2004.

a) Composition of Committee and attendance of members :

SI. NO.	NAME OF DIRECTOR	POSITION	CATEGORY	NO. OF MEETINGS	ATTENDANCE
1.	Mr. N. K. Bharti*	Chairman	NED/ID	02	02
2.	Mrs. Kiran Sandhu	Member	NED	03	03
3.	Mr. I. P. Singh	Member	NED/ID	03	-
4.	Mr. D. S. Majithia**	Chairman	NED/ID	01	01

* Mr. N. K. Bharti was appointed as Chairman of the Committee w.e.f. 25/10/2003

** Mr. D. S. Majithia resigned from the Directorship of the Company and thereby from the Chairmanship of the Committee w.e.f. 30/04/2003.

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.