

# **TARAI FOODS LIMITED**



**Tarai**

## **16TH ANNUAL REPORT 2005 - 2006**

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

## Tarai Foods Limited

### TARAI FOODS LIMITED

|  |  |  |
|--|--|--|
| Board of Directors   | Mr. Gurprit Singh Sandhu<br>Mrs. Kiran Sandhu<br>Mr. N.K. Bharti<br>Mr. Vijay Jolly  | (Managing Director)<br>(Director)<br>(Director)<br>(Additional Director) |
| Audit Committee, Investors<br>Grievances Committee & Remuneration<br>& Recruitment Committee | Mr. N.K. Bharti<br>Mrs Kiran Sandhu<br>Mr. Vijay Jolly   |  |
| Auditors   | M/s Jolly & Chanana<br>X-26, Hauz Khas<br>New Delhi-110016   |  |
| Bankers  | State Bank of Travancore<br>Ansal Chamber I<br>Bhikaji Cama Place<br>R.K. Puram<br>New Delhi-110066  |  |
| Regd. Office   | II/E-55, Lajpat Nagar-II,<br>New Delhi-110024  |  |
| Plant  | Village Fazilpur Meharola<br>Tehsil Kiccha<br>Rudrapur<br>Distt. Udham Singh Nagar,<br>Uttanchal   |  |
| Share Transfer Agent   | Beetal Financial & Computer Services (P) Ltd.<br>99, Madangir, Beetal House<br>Behind Local Shopping Centre<br>Near Dada Harsukhdas Mandir<br>New Delhi-110062<br>Tel.: 29961281/2 |  |
| ISIN No.   | INE906C01016   |  |

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**Tarai Foods Limited**

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**NOTICE**

Notice is hereby given that the 16th Annual General Meeting of the members of Tarai Foods Limited will be held on Saturday, the 30th day of September, 2006 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, 2006 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. N.K. Bharti, 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, the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Mr. Vijay Jolly who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31st day of January, 2006 and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this annual General Meeting, be and is hereby appointed as Director of the Company."  
  
"RESOLVED FURTHER THAT Mr. G. S. Sandhu, Managing Director of the Company be and is hereby authorized to file Form 32 with the Registrar of Companies, NCT Delhi & Haryana, New Delhi in this regard and to do all such acts, deeds and things as may be necessary in this regard to give effect to the above cited resolution."

**By order of the Board  
For Tarai Food Limited**

**Place: New Delhi  
Date : 04/09/2006**

**Sd/-  
G. S. Sandhu  
Managing Director**

**Tarai Foods Limited**

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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. An Explanatory Statement in respect of item no. 4 pursuant to section 173 (2) of the Companies Act., 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 29/09/2006 to 30/09/2006 (both days 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/Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.

**EXPLANATORY STATMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

Mr. Vijay Jolly was appointed as Additional Director in the meeting of the Board of Directors held on 31st day of January 2006 to hold office up to the conclusion of the forthcoming annual general meeting. The Company has received notice from a member proposing the appointment of Mr. Vijay Jolly, as Director of the Company. His association with the Company will immensely help the Company.

Your Directors recommend the above resolution for approval of the members. Except Mr. Vijay Jolly no other Director of the Company is concerned or interested in the above resolution.

**By order of the Board  
For Tarai Foods Limited**

**Place: New Delhi  
Date : 04.09.2006**

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

## Tarai Foods Limited

## DIRECTORS' REPORT

Dear Members,

Your Directors present the 16<sup>th</sup> Annual Report together with the Audited Financial Accounts for the year ended 31<sup>st</sup> March, 2006.

| Financial Results   |                                 | (Rupees in lacs)                |
|---|---------------------------------|---------------------------------|
| Particulars   | For the period ended 31-03-2006 | For the period ended 31-03-2005 |
| Gross Revenue   | 149                             | 156                             |
| Operating Profit/(Loss) before Interest, Finance charges and Depreciation | (8)                             | 53                              |
| Less: Interest & Finance Charges  | 534                             | 397                             |
| Profit/(Loss) before Depreciation   | (542)                           | (344)                           |
| Less: Depreciation  | 47                              | 46                              |
| Net Profit/(Loss) for the year  | (589)                           | (390)                           |
| Less: Provision for Taxation  | —                               | —                               |
| Net Profit/(Loss) after Taxation  | (589)                           | (390)                           |

## MANAGEMENT DISCUSSION &amp; ANALYSIS REPORT, REVIEW OF OPERATIONS DURING THE YEAR &amp; FUTURE PLANS :

The Company has faced stiff competition from various players at the local levels in case of frozen sweet corn. The overall response of the new product of the Company's - frozen American sweet corn is average and slower than expected. However in view of the bullish local market and the acceptance of frozen American sweet corn in the market, the Company expects to do well in future.

The Company was able to procure and execute good amount of job work assignments. Due to the vagaries of nature, your company could get the order from Chambal Fertiliser only towards the end of the pea season, hence the job work processing income was lower than last year but the company is now aggressively looking for new orders on job work basis.

Keeping in view the demand because of the upcoming industrial area in Uttranchal and the surplus, idle refrigeration capacity, the company has set up ice plant of 50 ton a day capacity.

## 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.

## DIRECTORS

Pursuant to Section 256 of the Companies Act 1956, Mr. N. K. Bharti, Director of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Inder Pratap Singh resigned from directorship w.e.f. 31st January, 2006 and pursuant to section 260 of the Companies Act, 1956, Mr. Vijay Jolly was appointed as Additional Director w.e.f. 31st January, 2006.

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**Tarai Foods Limited**

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**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 your Company are presently listed at The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.

**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.

**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 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.

## Tarai Foods Limited

### 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: 04.09.2006

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 :

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 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:

| 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 & Chair-man | ED          | Present                | 5                            | 5        | Director in Tarai Farmlands Pvt. Ltd. Tarai Agro Inds. Ltd. Suraiya Exports Pvt. Ltd | NIL                    |

## Tarai Foods Limited

|    |                    |     |        |        |   |   |  |     |
|----|--------------------|-----|--------|--------|---|---|--|-----|
| 2. | Mrs Kiran Sandhu   | PD  | NED    |        | 5 | 5 | Director in<br>Tarai Farmlands<br>Pvt. Ltd.<br>Tarai Agro-<br>Inds. Limited<br>Suraiya Exports<br>Pvt. Ltd.          | NIL |
| 3. | Mr. Vijay Jolly*   | NPD | NED/ID | N/A    | 5 | - | -  | -   |
| 4. | Mr. N. K. Bharti   | NPD | NED/ID | Absent | 5 | 5 | NIL  | NIL |
| 5. | Mr. I. P. Singh ** | NPD | NED/ID |        | 5 | - | Director in R. B. N.S.<br>Sugarmills Ltd.<br>Corbett Country<br>Resorts Pvt. Ltd.<br>T.P.S. Investments<br>Pvt. Ltd. | NIL |

\* PD - Promoter Director ; NPD - Non Promoter Director ; ED - Executive Director ; NED - Non-Executive Director ; ID - Independent Director : \*Appointed w.e.f.31/01/2006 \*\*Resigned w.e.f. 31/01/2006.

b) Details of Board Meetings held during the year :

| Date of Board Meeting | Board Strength | No. of Directors Present |
|-----------------------|----------------|--------------------------|
| 27/06/2005            | 4              | 3                        |
| 30/07/2005            | 4              | 3                        |
| 03/09/2005            | 4              | 3                        |
| 31/10/2005            | 4              | 3                        |
| 31/01/2006            | 4              | 3                        |

3. AUDIT COMMITTEE :

During the financial year 2005-06, the Members of the Audit Committee met 5 times. The dates of the meetings were 25/04/2005, 20/06/2005, 25/07/2005, 06/10/2005 and 28/01/2006.

a) Composition of Committee and attendance of members :

| Sl. NO. | NAME OF DIRECTOR   | POSITION | CATEGORY | NO. OF MEETINGS | ATTENDANCE |
|---------|--------------------|----------|----------|-----------------|------------|
| 1.      | Mr. N. K. Bharti*  | Chairman | NED/ID   | 5               | 5          |
| 2.      | Mrs. Kiran Sandhu  | Member   | NED      | 5               | 5          |
| 3.      | Mr. I. P. Singh**  | Member   | NED/ID   | 5               | 4          |
| 4.      | Mr. Vijay Jolly*** | Member   | NED/ID   | -               | -          |

\* Mr. N. K. Bharti having the requisite qualification as required under Clause 49 (II) of the Listing Agreement is the Chairman of the Audit Committee.



## Tarai Foods Limited

\*\* Mr. I.P. Singh resigned from directorship of the Company w.e.f. 31st January, 2006.

\*\*\* Mr. Vijay Jolly appointed as an Additional Director w.e.f. 31st January, 2006 and induct as a member of the Audit Committee.

### 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 2005-06, the Members of the Remuneration and Recruitment Committee met 3 times. The dates of the meetings were 25/04/2005, 06/10/2005, 10/02/2006

#### 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   | 3               | 3          |
| 2.      | Mrs. Kiran Sandhu | Member   | NED      | 3               | 3          |
| 3.      | Mr. I. P. Singh*  | Member   | NED/ID   | 2               | 2          |
| 4.      | Mr. Vijay Jolly** | Member   | NED/ID   | 1               | 1          |

\* Mr. I.P. Singh ceased to be the member w.e.f. 31/01/2006. \*\* Mr. Vijay Jolly inducted as a Member w.e.f. 10/02/2006.

### 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

During the financial year 2005-06, the Members of the Investors'/ Shareholders' Grievance Committee met 3 times. The dates of the meetings were 25/04/2005, 6/10/2005 and 10/02/2005.

#### 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   | 3               | 3          |
| 2.      | Mrs. Kiran Sandhu | Member   | NED      | 3               | 3          |
| 3.      | Mr. I. P. Singh*  | Member   | NED/ID   | 2               | 2          |
| 4.      | Mr. Vijay Jolly** | Member   | NED/ID   | 1               | 1          |