

TARAI FOODS LIMITED



Tarai

**20TH
ANNUAL REPORT
2009 - 2010**

Tarai Foods Limited

TARAI FOODS LIMITED

Board of Directors

Mr. Gurprit Singh Sandhu
Mrs. Kiran Sandhu
Mr. N.K. Bharti
Mr. Vijay Jolly

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

**Audit Committee, Investors
Grievances Committee & Remuneration
& Recruitment Committee**

Mr. N.K. Bharti
Mrs Kiran Sandhu
Mr. Vijay Jolly

Auditors

M/s Jolly & Oberoi
13, Hanuman Road,
Connaught Place
New Delhi-110001

Bankers

Axis Bank Ltd.
B-6, Lajpat Nagar-II,
New Delhi-110024

Regd. Office

13, Hanuman Road,
Connaught Place
New Delhi-110001

**Head Office :
(Plant)**

Village Fazilpur Meharola
Tehsil Kiccha
Rudrapur
Distt. Udham Singh Nagar,
Uttarakhand

Share Transfer Agent

Beetal Financial & Computer Services (P) Ltd.
99, Madangir, Beetal House
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi-110062
Tel.: 29961281/2

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Tarai Foods Limited

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of Tarai Foods Limited will be held on Thursday, the 30th day of September, 2010 at Elcina House, 422, Okhla Industrial Estate, Phase-III, New Delhi-110 020 at 9.30 a.m. to transact the following businesses :

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2010 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. Narendra Kumar Bharti, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. RATTAN ANIL & Co. Chartered Accountants as Statutory Auditor of the Company in place of M/s. Jolly & Oberoi, 13, Hanuman Road, Connaught Place, New Delhi, Chartered Accountants, who have expressed their unwillingness to act as the statutory auditor of the Company 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. RATTAN ANIL & Co., Chartered Accountants, A-90, Gali No.-6, 1st Floor, Madhu Vihar Market, Patparganj Bus Depot., New Delhi be and are hereby appointed as Statutory Auditor of the Company in place of M/s. Jolly & Oberoi, 13, Hanuman Road, Connaught Place, New Delhi, Chartered Accountants, who have expressed their unwillingness to continue 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".

By order of the Board
For Tarai Food Limited

Place: Rudrapur
Date : 13/08/2010

Sd/-
G. S. Sandhu
Managing Director

Tarai Foods Limited

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 from 29/09/2010 to 30/09/2010 (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/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.
5. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.
6. Additional information as per Clause 49 of the listing Agreement :

Brief profile of Mr. N. K. Bharti, Director, recommended for reappointment :

Mr. N. K. Bharti, aged 62 years has vast experience in farming and marketing of agricultural machineries, tractors and combines. He shares excellent relations with the farmers, local businessman, traders and aadtis of Rudrapur area.

By order of the Board
For Tarai Foods Limited

Place: Rudrapur
Date : 13/08/2010.

sd/
G. S. Sandhu
Managing Director

Tarai Foods Limited

DIRECTORS' REPORT

Dear Members,

Your Directors present the 20th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2010.

Financial Results		(Rupees in lacs)
Particulars	For the period ended 31-03-2010	For the period ended 31-03-2009
Gross Revenue	330	263
Operating Profit before Interest, Finance charges and Depreciation	18	48
Less: Interest & Finance Charges	0.35	808
Profit/(Loss) before Depreciation	18	(760)
Less : Depreciation	55	55
Net Profit (Loss) for the year	(37)	(815)
Less: Prior Year adjustments	-	-
Net Profit/(Loss) for the year	(37)	(815)
Less: Provision for Taxation	-	0.19
Net Profit/(Loss) after Taxation	(37)	(816)

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

Although the future of the food processing industry is very bright but it is facing problems of poor infrastructural facilities at the moment viz. inadequate cold storage and refrigerated vehicles, erratic supply of electricity etc. There is high cost of transportation through refrigerated vehicles and demand for limited frozen vegetables and fruits have also made the products commercially unviable

Despite these conditions, in the year under review, the company could successfully increase its sale in U.P. and Delhi. The net turnover increased from Rs. 54.73 lacs to Rs. 112.35 lacs. However, the operating profit has reduced because of the increased power and fuel cost and major repairs of the plant and machineries. Currently, the focus of the company is to increase the turnover in the Institutional market.

The company has entered into negotiated settlement with the secured lenders. During the year under review, it could make a payment of around Rs. 143 Lacs to them. It defaulted in the further payments to them as per the schedule but is trying its best to honor the commitments. The settlements have not yet been revoked by the lenders.

Your company has been served with a notice dtd. 30.06.10 u/s 20 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and BIFR Regulations, 1987 for Proposed winding up of the company. The promoter directors and the company is trying its best to come up with the funds and honor the commitments of settlement with the lenders.

DIVIDEND

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

AUDITORS

M/s. Jolly & Oberoi, 13, Hanuman Road, Connaught Place, New Delhi, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and they have expressed their unwillingness to continue as the statutory auditor of the Company and M/s. RATTAN ANIL & CO., A-90, Gali No.-6, 1st Floor, Madhu Vihar Market, Patpar Ganj Bus Depot., New Delhi offer themselves for appointment as the statutory auditor of the Company to hold office from the conclusion of this Annual General Meeting till the next Annual General Meeting of the Company. 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.

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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.

COMMENTS ON AUDITORS' REMARKS / QUALIFICATIONS :

Point 3 (1) read with note 5 on schedule 20:

The Company has written to the Banker to the issue to transfer the unclaimed application money to the Investor Education and Protection Fund as per the procedure.

Point 3 (2) read with note 13 on schedule 20:

The company has been repairing the plant on regular basis depending on the liquidity position as well as as per the need of the hour. Since the main season of the company is from December to march, extensive repairs are made to the plant and the plant and machineries every year before that. The company has also filed a case with the High Court on Insurance company to settle the Insurance Claim.

Point 3 (3) read with note 10 on Schedule 20:

The company has already entered into settlement with the secured lenders and hence interest amounting to Rs. 6.09 crores has not been provided for till the date of settlement as according to the terms of settlements, these interest are not payable to them and also these settlements have not yet been revoked.

Point No. 9 (a) in Auditors' Report :

The company is passing through a severe liquidity crunch. However, the efforts are being made to regularize the payment towards the provident Fund deposits with the PF Authorities. The company has already made some payment to the PF Authorities after the Balance Sheet date. Similarly the company has also approached Sales Tax Authorities and is trying to settle the demand of Rs. 3.25 lacs still outstanding.

Point No. 4 read with note 11 on Sechedule 20:

The company has entered into negotiated settlement with the lenders and has already made a payment of around Rs. 2 crores to them. On fully settling the dues to the secured lenders as per the settlement, the company will be able to come out of negative networth and also revive its operations fully.

DIRECTORS

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

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, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The details of conservation of energy, technology absorption & foreign exchange earning & outgo of the Company are given as per Annexure 1 to this report :

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 the 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 profit or loss of the Company at the end of the financial year and of the

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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.

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: Rudrapur
Date: 13/08/2010

sd/-
G. S. Sandhu
Managing Director

Conservation of Energy :

FORM A

ANNEXURE - 1

A. Power and Fuel Consumption :

		Year ended 31st March, 2010	Year ended 31st March, 2009
1.	Electricity		
(a)	Purchased		
	Units	2112760	1744270
	Total Amount	77,27,883	5901408
	Rate / Unit	3.66	3.38
(b)	Own Generation		
	Through diesel generator		
	Units generated	525000	354000
	Units per ltr. of Diesel Oil	3	3
	Cost/units	11.44	11.53
2.	Coal (specific quantity and where used)	NIL	NIL
3.	Furnace Oil	NIL	NIL
4.	Others/internal generations (please give details)	NIL	NIL

B. Consumption per unit of Production :

	Year ended 31st March, 2010	Year ended 31st March, 2009
Electricity (Units) per Kg.	1.34	1.13

Technology Absorption

Efforts made in Technology absorption as per Form B :

In the absence of working capital facility from Banks, the company does not have adequate funds to engage itself in Research and Development in the technology.

Technology absorption, adaptation and innovation

The company has not imported any technology in the last few years and hence matters pertaining to the technology absorption,

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adaptation and innovation are not applicable to the company.

The imported technology currently used is quite old, around 15-18 years old for which the company has retained key technical staff who have been trained by earlier technical collaborator and have adapted the technology well.

Foreign Exchange Earnings & Outgo

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

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/ND*	ED/NED/ID*	Attendance in last AGM	Attendance in Board Meetings		Other Board	
					Held	Attended	Directorship	Committee Chairmanship
1.	Mr. Gurprit Singh Sandhu	PD Managing Director	ED	Absent	6	6	Director in Tarai Farmlands Pvt. Ltd. Tarai Agro Inds. Ltd. Suraiya Exports Pvt. Ltd	NIL
2.	Mrs Kiran Sandhu	PD	NED	Present	6	4	Director in Tarai Farmlands Pvt. Ltd. Tarai Agro-Inds. Limited Suraiya Exports Pvt. Ltd.	NIL
3.	Mr. Vijay Jolly	NPD	NED/ID	Present	6	6	NIL	NIL
4.	Mr. N. K. Bharti	NPD	NED/ID	Present	6	6	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 :

During the year under review, 6 (Six) Board meetings were held and the dates of the board meetings and attendance

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at the board meetings were as follows :

Date of Board Meeting	Board Strength	No. of Directors Present
30/04/2009	4	4
30/06/2009	4	3
31/07/2009	4	3
24/08/2009	4	4
31/10/2009	4	4
27/01/2010	4	4

3. AUDIT COMMITTEE:

During the financial year 2009-10, the Members of the Audit Committee met 5 (Five) times. The dates of the meetings were 15/04/2009, 29/06/2009, 29/07/2009, 28/10/2009, 26/01/2010.

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	5	5
2.	Mrs. Kiran Sandhu	Member	NED	5	2
3.	Mr. Vijay Jolly	Member	NED/ID	5	5

* 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.

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 2009-10, the Members of the Remuneration and Recruitment Committee met 3 (Three) times. The dates of the meetings were 29/06/2009, 28/10/2009 and 26/01/2010.

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	2
3.	Mr. Vijay Jolly	Member	NED/ID	3	3