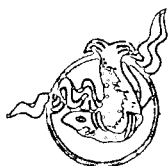


aNNUAL rEPORT AND aCCOUNTS

FOR THE YEAR 1997-98

MD	✓		BKC	✓
CS	✓		DPY	MA
RO	✓		DIV	MA
TRA	MA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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TAI INDUSTRIES LTD.



TAI INDUSTRIES LTD.

board of directors

G.C. Bhura	Chairman
Dasho Wangchuk Dorji	Managing Director
Dasho Ugen Dorji	Director
Dasho Topgyal Dorji	Director
Prem Sagar	Director
Hardyal Doegar	Director
K.N. Malhotra	Director
P.S. Rawat	Director (Alternate to Dasho Ugen Dorji)
K.P. Nawlakha	Director (Alternate to Dasho Topgyal Dorji)
A. Doegar	Director (Alternate to Hardyal Doegar)

*company secretary
cum finance manager*

R. Chakravorty

bankers

Canara Bank
Standard Chartered Bank
State Bank of India
United Bank of India
Vijaya Bank

auditors

Ray & Ray
Chartered Accountants
Calcutta

solicitors

H.K. Mitter
Calcutta.

registered office

53A, Mirza Ghalib Street,
Calcutta - 700 016.



TAI INDUSTRIES LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the fifteenth Annual General Meeting of the members of Tai Industries Limited will be held at Niranjana Sadan, Bijoygarh, P.O. Jadavpur, Calcutta 700 032 on Wednesday, the 16th September, 1998 at 11.00 a.m. to transact the following business :

1. To consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. Gulab Chand Bhura who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dasho Topgyal Dorji who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. Messers Ray & Ray, the retiring Auditors are eligible for re-appointment.

By Order of the Board
Tai Industries Limited

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R. Chakravorty

Registered Office :
53A, Mirza Ghalib Street,
Calcutta - 700 016
29th July, 1998.

Company Secretary-cum-Finance Manager

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company at least 48 hours before the time for holding the meeting.
3. Members and proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members are requested to notify immediately change of address, if any, quoting their Folio numbers.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 25th August, 1998 to Wednesday, the 16th September, 1998, both days inclusive.
6. The notice of the meeting along with the Annual Report and Accounts for the year ended 31st March, 1998 will shortly be mailed to all members of the Company to their registered addresses.

TAI INDUSTRIES LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 15th Annual Report and Audited Accounts for the year ended 31st march, 1998.

Financial Results

		(Rs in Lacs)
For the year ended	31.03.1998	31.3.1997
Profit before depreciation	56.35	120.73
Less : Depreciation	6.99	4.39
Net Profit after depreciation	49.36	116.34
Less : Provision for taxation including adjustment of earlier years	20.05	52.49
Balance brought forward from previous year	53.55	61.65
Less : Proposed Dividend	—	60.00
Less : Tax on Dividend	—	6.00
Carried forward to General Reserve	—	—
Transfer to Capital Reserve	—	5.95
Balance in Profit & Loss Account	82.86	53.55

Workings

Working of the Company showed marginal improvement during the year under review. Total sales in the year increased to Rs. 1444.36 lacs compared to Rs. 1380.22 lacs in the previous year indicating a very small increase of 4.65% as per details given hereunder :

	(Rs. in lacs)			
<u>Products</u>	<u>Sale in 1996-97</u>	<u>Sale in 1997-98</u>	<u>Increase in sales</u>	<u>Percentage Increase</u>
Fruit Products	977.58	905.70	(71.88)	(7.35%)
Calcium Carbide	270.14	311.52	41.38	15.32%
Ferro Silicon	6.21	9.18	2.97	47.83%
Charcoal	124.81	180.86	56.05	44.91%
Others	1.48	37.10	35.62	2406.76%
TOTAL	1380.22	1444.36	64.14	4.65%

However, commission on indirect sale of fruit products increased by about Rs. 12.00 lacs during the year under review compared to the previous Year.

Barring fruit products other areas registered growth to varying degrees. The year 1997-98 was a tough year for the whole of the industry and fruit products division of our company had its own share of bad weather — more particularly due to sluggish market as a result of recession, competition from multinationals who are offering lucrative schemes for the end users and also from local enterprises who are mostly SSI Units with reduced overhead and transport costs. In the mean time production costs have escalated but we could not increase our sale prices due to the above reasons. As a result our profits have been marginalised.

Plans and Prospects

The Management has reviewed the overall situation and initiated actions to revamp the market by (i) curbing the expenses in depots by focussing on potential areas, (ii) closing the unproductive areas and appointing Superstockists in some of the areas closed, resulting in reduction of overheads, (iii) diversifying the product range, (iv) strengthening administrative control and (v) streamlining collection system and aboveall further enhancing the brand equity of products.

The changes initiated are already showing results and the first quarter of the current year has posted satisfactory results in terms of sales turnover and profit.

The Company has plans to carry the brand DRUK to every household and steps are under way for various promotional activities and media plans.

The production facilities are also being modernised for providing innovative packaging, diversified product range and assured continuity in supplies through effective systems.

The field force have been strengthened with in-house training programmes with a view to higher output from the markets and regulated stock flow systems.

The Management is optimistic of better results in the current year.

Dividend

Due to insufficient profits Directors do not recommended any dividend for the year under review.

Auditors

Messers Ray & Ray, Chartered Accountants, the Company's Auditors retire at the Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors' Report

The comments in the Auditors' Report read with the notes to the accounts in schedule are self-explanatory and do not call for further explanation.

Directors

In accordance with the requirements of the Companies Act, 1956, Mr. Gulab Chand Bhura and Dasho Topgyal Dorji will retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

Public Deposits

The Company has not accepted any public deposit from the public during the year.

Particulars of Employees Under Section 217 (2A) of the Companies Act, 1956.

None of the employees of the Company was is receipt or entitled to receive remuneration in aggregate of Rs. 25,000/- or more per month or Rs. 3,00,000/- or more per annum during the year.

TAI INDUSTRIES LIMITEDConservation of energy, technology absorption and foreign exchange earnings and outgoings

In accordance with the requirements of Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgoings are annexed hereto and form part of this Report.

Statement pursuant to Clause 43 of the Listing Agreement showing Projected Profitability in the Prospectus versus Actuals

For the year ended 31st March 1997

		(Rs in Lacs)
	Projected	Actuals
Sales	1210.00	1380.22
Other Income	160.50	110.07
Total Income	1370.50	1490.29
Total Expenses	1084.50	1405.05
Profit before tax	286.00	116.34
Provision for Taxation	76.36	52.49
Profit after Tax	209.64	63.85

Reasons for Variation :

Total of sales and other income was higher compared to projection. However, expenses were disproportionately higher resulting in lower profit compared to projection. Profit was adversely affected due to decrease in sales of Calcium Carbide and Ferro Silicon. Further, due to stiff competition from other manufacturers of fruit products, the company had to maintain low margin which resulted in less realisation which in turn affected the profit.

For the year ended 31st March 1998

		(Rs in Lacs)
	Projected	Actuals
Sales	1750.00	1444.36
Other Income	188.00	81.86
Total Income	1938.00	1526.22
Total Expenses	1568.00	1476.86
Profit before tax	370.00	49.36
Provision for Taxation	104.65	20.05
Profit after Tax	265.35	29.31

TAI INDUSTRIES LIMITED

Actual sale was much lower due to stiff competition from Multinationals and also local enterprises resulting in reduction of profit margin. Projected other income included dividend from Tai Chonbang Textile Industries Limited which was not received during the year.

STOCK EXCHANGES WHERE OUR SHARES ARE LISTED

The Company's Shares are listed with the following Stock Exchanges :

- | | |
|---|---|
| 1. The Calcutta Stock Exchange Association Limited
7, Lyons Range,
Calcutta - 700 001. | 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001. |
| 3. The Stock Exchange, Ahmedabad
Kamdheni Complex
Opp. Sahajanand College
Panjrapole
Ahmedabad - 380 015. | 4. Jaipur Stock Exchange Limited
Rajasthan Chamber Bhawan,
M. I. Road,
Jaipur - 302 001. |

The Company has paid up to date listing fees to each of the above Stock Exchanges.

Acknowledgement

Your Directors acknowledge with gratitude the co-operation extended by Central and State Governments. Banks, Investors, Employees and all those associated with the Company during the year under review.

By Order of the Board

The 29th July, 1998
Place : Calcutta

G.C. Bhura
Chairman