

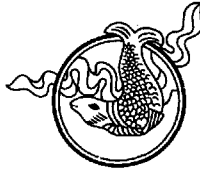


TAI

INDUSTRIES LIMITED



21st ANNUAL REPORT
2003 - 2004



TAI INDUSTRIES LIMITED

Board of Directors

Dasho Wangchuk Dorji
Dasho Ugen Dorji
Dasho Topgyal Dorji
Prem Sagar
Hardyal Doegar
K. N. Malhotra
Vinay Killa
P. S. Rawat

Managing Director
Director
Director
Director
Director
Director
Director
Director

(Alternate for Dasho Ugen Dorji)

Company Secretary

S. Chitra

Bankers

State Bank of India
HDFC Bank Limited
Canara Bank
United Bank of India
Vijaya Bank

Auditors

Ray & Ray
Chartered Accountants,
Kolkata

Solicitors

H. K. Mitter,
Kolkata.
Kaushik Chowdhury Associates,
Kolkata.

Registered Office

53A, Mirza Ghalib Street,
3rd floor, Kolkata 700 016.

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TAI INDUSTRIES LIMITED**21st ANNUAL REPORT 2003-2004****Notice**

NOTICE is hereby given that the Twenty first Annual General Meeting of the members of Tai Industries Limited will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata – 700 017, on Thursday, 23rd September, 2004 at 10.00 a.m. to transact the following business as **ORDINARY BUSINESS** :

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2004 and Balance Sheet as on that date together with the reports of the Directors' and the Auditors' thereon.
2. a) To elect a Director in place of Mr. Hardyal Doegar, who retires by rotation and, being eligible, offers himself for re-election.
b) To elect a Director in place of Mr. Kanwal Nain Malhotra, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint Auditors and to fix their remuneration, Messrs Ray & Ray, the retiring Auditors are eligible for appointment.

Registered Office :

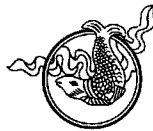
3rd Floor, 53A, Mirza Ghalib Street,
Kolkata – 700 016
29th July, 2004

By Order of the Board
S. Chitra
Company Secretary

Report Junction.com

NOTES:

- a) A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxies to be effective should be deposited at the Registered Office of the Company not later than forty-eight hours before the time fixed for holding the meeting.
- b) The Register of Members and the Share Transfer Register of the Company will remain closed from Thursday 9th September, 2004 to Thursday, 23rd September, 2004, both days inclusive.
- c) Members are requested to bring admission slips along with their copy of the Annual Report and Accounts to the meeting. No copies will be distributed again in the meeting.
- d) Dividend for the financial year ended 31st March, 1997, which remains unpaid or unclaimed will be due for transfer to the Investor Education and Protection Fund of the Central Government on 27th September, 2004 pursuant to the provisions of Section 205C of the Companies Act, 1956. Members who have not encashed their dividend warrants(s) for the financial year ended 31st March, 1997 are requested to lodge their claims for the unpaid dividend, if any, with the Company.
- e) Members who hold shares in dematerialised forms are requested to bring their Client ID and DP ID numbers and those holding physical shares are requested to bring their Folio Numbers for easy identification of attendance at the meeting.
- f) Members holding shares in physical form may nominate a person to whom the shares in the Company shall vest in the event of their death. Nomination form is available at the end of the Annual Report.

TAI INDUSTRIES LIMITED**21st ANNUAL REPORT 2003-2004****Directors' Report****TO THE MEMBERS**

Your Directors have pleasure in presenting their 21st Annual Report for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

		(Rs. in lacs)
For the year ended	31.03.2004	31.03.2003
Profit before depreciation	181.74	167.20
Less : depreciation	53.65	32.93
Net Profit after depreciation	128.09	134.27
Less: Provision for taxation including adjustment in earlier years	28.23	49.13
Profit after taxation	99.86	85.14
Balance brought forward from previous year	258.31	173.17
Profit available for appropriation	358.17	258.31
APPROPRIATIONS		
Proposed dividend	-	-
Balance in Profit & Loss Account carried to Balance Sheet	358.17	258.31
	<u>358.17</u>	<u>258.31</u>

WORKINGS

Working of the Company reflects 5,17 % rise in total sales of the Company compared to the previous year. The details of Sales/ Income from operations are as follows:

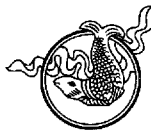
PRODUCTS	Sale in 2003-2004	Sale in 2002-2003	Increase in Sales	Percentage increase/ decrease
	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)	%
Fruit Products	2011.26	1891.47	119.79	7.00
Calcium Carbide	329.49	279.18	50.31	18.02
Charcoal	305.58	152.45	153.13	100.45
Others	18.09	273.88	-255.79	-93.40
Indenting Commission	148.66	147.55	1.11	0.76
Retail – C3	73.36	-	73.36	100.00
Total Turnover	2886.44	2744.53	141.91	5.17

PLANS AND PROSPECTS

During the year 2004-05, your Company's business thrust will be in three major areas viz. Fruit Product Division, Industrial Division and the Retail Division :

FRUIT PRODUCT DIVISION

After tasting the success of Mango Panna in the last 2 years of operation, your Company is now introducing certain new and exciting premium products during this year like Passion Fruit Squash, Guava juice, Kiwi juice and Mayonnaise sauce. The Company is also gearing up to expand the distribution network by extending the direct coverage programme

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throughout the Kolkata metro, thus eliminating distributors resulting in better control over retail and also expanding the interior coverage by appointing new distributors.

In the present product range your Company is planning to achieve a growth of 15% barring unforeseen circumstances. Your Company is concentrating on Pickles range of products and developing products more on the region specific basis rather than concentrating on the national network. Emphasis is being given an increasing the market share in Baked Beans and Sweet Corn.

Your Company hopes that with the combined efforts of new product launches and increase in the present market share of the current product range would result in positive contribution to the Company as well.

Industrial Division

Calcium Carbide and Charcoal are two products where your Company plans to concentrate in the Industrial divisions. Due to the boom in the Iron and Steel market, the demand for Calcium Carbide is also picking up substantially. Your Company plans to increase the market share margin also because the industry is on the upward trend and demand is much more than the supply.

DRUK is also an established brand and we are trying to gain a better margin on the basis of goodwill that we have created over the past 10 years. We have a very established quality and steady market.

Retail Division

As informed during the last Annual General Meeting, your Company plans to introduce Supermarket Chain. We have already launched two Stores in Kolkata, one in Elgin Road and the other in Salt Lake, City Centre, under the brand name "C3 The Marketplace". C3 stands for **cost, convenient and comfort**. We are selling fresh groceries, toiletries, fresh frozen goods, fresh fruits and vegetables, ready to eat foods and other household items at competitive prices. During a very short span of time C3, The Marketplace has been able to create a market in the mind of the consumer. The brand has been accepted very well by the consumer who like the idea of shopping for their entire daily need under one roof. It gives an added advantage of pleasant environment.

We are selling over 10,000 products SKUs and plan to increase our product potential by another 30% in the coming year. We are offering value added package to the customers where they not only get the products at the right price and quality but also get the advantage of schemes and other benefits that the C3, The Supermarket offers from time to time.

The customer attention has been very good and footfalls are increasing. Your Stores have become a part of the common man's life because of its convenient timing and availability of all products 365 days in a year.

Your Company plans to expand this chain of Supermarket in different parts of the City and the country in future.

The concept of the Stores has been liked not only by the consumers but also by the MNC's and other suppliers because of the increase in the business they generate from this kind of large format stores. We get lot of benefits in terms of prices, schemes that we pass on to the consumer thereby giving them a value in every purchase that they make. The future of the industry is also looking very bright. People now like the idea of touch, feel and then buy rather than being offered the products by the local grocery shop. The consumer has an option of choosing the product rather than being made to buy the product from the local grocery shop.

Your Company is also concentrating on the Institutions business because the hotels and other institutions are finding much better option of buying all the products under one roof rather than going for different vendors for different product range. It helps them to save the cost and time.

Your Company has the first mover advantage in this sector of business and wants to increase the market share and replicate stores at faster pace so that the buying become much more economical.

Your Company is leaving no stone unturned to ensure that appropriate shopping environment is made available for different segments of customer profile.

DIVIDEND

The Directors express their inability to recommend dividend for the year to plough back profits to conserve funds for the future development and growth of the Company including the plans for expansion of the chain of super markets. We are confident of taking this brand national in the times to come.

TAI INDUSTRIES LIMITED**21st ANNUAL REPORT 2003-2004****CORPORATE GOVERNANCE**

Certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with stock exchanges is enclosed.

This report also includes elsewhere a text of the Management Discussion and Analysis Reports.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions Section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
2. They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They had prepared the Annual Accounts on a going concern basis.

LISTING OF SECURITIES OF THE COMPANY

The Company is listed with The Calcutta Stock Exchange Association Limited, Kolkata and The Stock Exchange, Mumbai. The shares of the Company have been delisted/deleted by the Jaipur Stock from their list of Listed Companies w.e.f 15th May 2004 and by the Stock Exchange Ahmedabad w.e.f 8th July, 2004, as per applications made by the Company to the said two Stock Exchanges. Annual listing fees for the year 2004-2005 have been paid to all the four Stock Exchanges.

DEMATERIALIZATION OF SECURITIES

As per the direction of the Stock Exchange, Mumbai, the Company's shares have been dematerialized from July, 2001. About 45 % of the shares have been dematerialized as at end March, 2004.

DIRECTORS

In accordance with article 56 of the Articles of Association of the Company, Mr. Hardyal Doegar and Mr. Kanwal Nain Malhotra, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Mr. Hardyal Doegar (77) a Chartered Accountant and Company Secretary is on the Board of several companies. He is a member of various national and international institutes and has vast experience of the food and beverages industry. He is the director of K.Mohan Shakti Investment Ltd, Mohan Closures Pvt. Ltd, Mohan Zupack Pvt. Ltd, V.R.V Foods Ltd, Suraj Vanaspati Ltd, Suraj Solvent & Vanaspati Industries Ltd, Suraj Industries Ltd, Get (Exports) Pvt. Ltd and Nupack Cartons & Closures Pvt. Ltd. He is also a member of the Audit Committee of Suraj Vanaspati Ltd, Suraj Solvent & Vanaspati Industries Ltd and Suraj Industries Ltd.

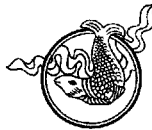
Mr. Kanwal Nain Malhotra (62) is a science graduate from Lucknow University and holds a Postgraduate diploma in Fruit and Vegetable Technology. He has vast experience in the food and beverage industry. He is the Chief Executive Officer of Bhutan Fruit Products Limited (BFPL) and Rijal Tashi Industries (P) Limited and looks after the food production department of BFPL.

Mr. G.C.Bhura resigned from the Board of the Company w.e.f. 31.10.2003. Your directors wish to place on record their appreciation of the valuable services rendered by Mr. Bhura during the tenure of his office.

PARTICULARS OF EMPLOYEES

None of the employees of the Company receives remuneration attracting provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1956.

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CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|---|
| a) Conservation of energy | - Not applicable |
| b) Technology absorption | - Not applicable |
| c) Foreign Exchange earnings and outgo | - There was no foreign exchange earnings and there was foreign exchange outgo of Rs. 436,100/- during the year. |

AUDITORS

M/s. Ray & Ray., Chartered Accountants, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

The Directors express their sincere thanks for the co-operation extended by the Central Government and the State Governments, banks and the investors. Your Directors also desire to place on record their appreciation of the services rendered by its employees.

By Order of the Board

Place : Kolkata
Date : 29th July, 2004

Wangchuk Dorji
Managing Director

Vinay Killa
Director



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Annexure "A" to the Directors Report

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is to attain highest levels of transparency, accountability and integrity. The Company believes that good governance is essential in sustaining corporate development, increasing productivity and competitiveness. The objective is not only to meet the statutory requirements but also to go beyond it and protect and enhance the Company's overall long-term value for all its stakeholders i.e the shareholders, customers, investors, employees and also the society at large. The Company tries to achieve this objective through the adoption of best corporate practices, which are professional, transparent, ethical and accountable.

Your Company continues to follow procedures and practices in conformity with the code of corporate governance as set out in the Listing Agreement. Details of the implementation of the corporate governance are enumerated below:

BOARD OF DIRECTORS

Your Board comprises of eight members and is responsible for the management of our business. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- Approving corporate philosophy and vision;
- Formulation of strategy and business plans;
- Reviewing and approving financial plans and budgets;
- Monitoring corporate performance against strategic and business plans, including overseeing operations;
- Ensuring ethical behavior and compliance with laws and regulations;
- Reviewing and approving borrowing limits;
- Formulating exposure limits;
- Adoption of quarterly/half yearly/ annual results;
- Major accounting provisions and write offs; and
- Keeping shareholders informed regarding plans, strategies and performance.

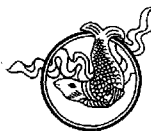
A Management Discussion and Analysis Report which forms a part of this Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

During the year, six Board Meetings were held on 28.04.2003, 26.06.2003, 31.07.2003, 31.10.2003, 03.01.2004 and 28.01.2004

None of the Directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other public companies and committees across various public companies of which the director is a member / chairman are given below:

<i>Name of the Director</i>	<i>Category</i>	<i>Attendance at Board</i>	<i>Attendance at last AGM Meetings</i>	<i>No. of outside Directorships</i>	<i>Committee Position - Member</i>	<i>Committee position - Chairman</i>
Dasho Wangchuk Dorji	MD	5	Yes	8	0	0
Dasho Ugen Dorji	NED	0	No	3	0	0
Dasho Topgyal Dorji	NED	0	No	6	0	0

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<i>Name of the Director</i>	<i>Category</i>	<i>Attendance at Board</i>	<i>Attendance at last AGM Meetings</i>	<i>No. of outside Directorships</i>	<i>Committee Position - Member</i>	<i>Committee position - Chairman</i>
Prem Sagar	NED	5	No	5	1	2
Hardyal Doegar	NED	4	Yes	9	3	1
Vinay Killa	NED	6	Yes	0	3	0
Kanwal Nain Malhotra	NED	3	No	0	0	0
P.S.Rawat (Alternate to Dasho Ugen Dorji)	NED	6	Yes	6	2	0

Details of Directors who ceased to be Director during the year.

<i>Name of the Director</i>	<i>Category</i>	<i>Attendance at Board Meetings</i>	<i>Attendance at last AGM</i>	<i>Date of resignation</i>
G.C.Bhura	NED	2	No	31.10.2003

MD-Managing Director, NED- Non Executive Director

The present Board comprises of eight members, including a Managing Director (MD). The non-executive directors (NED) with their diverse knowledge and experience bring in independent judgment in the decisions of the Board.

DIRECTORS SEEKING RE-APPOINTMENT

In accordance with Article 56 of the Articles of Association of the Company, Mr. Hardyal Doegar and Mr.Kanwal Nain Malhotra will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Mr. Hardyal Doegar (77) a Chartered Accountant and Company Secretary is on the Board of several companies. He is a member of various national and international institutes and has vast experience of the food and beverages industry. He is the director of K.Mohan Shakti Investment Ltd, Mohan Closures Pvt. Ltd, Mohan Zupack Pvt. Ltd, V.R.V Foods Ltd, Suraj Vanaspati Ltd, Suraj Solvent & Vanaspati Industries Ltd, Suraj Industries Ltd, Get (Exports) Pvt. Ltd and Nupack Cartons & Closures Pvt. Ltd. He is also a member of the Audit Committee of Suraj Vanaspati Ltd, Suraj Solvent & Vanaspati Industries Ltd and Suraj Industries Ltd.

Mr. Kanwal Nain Malhotra (62) is a science graduate from Lucknow University and holds a Postgraduate diploma in Fruit and Vegetable Technology. He has vast experience in the food and beverage industry. He is the Chief Executive Officer of Bhutan Fruit Products Limited (BFPL) and Rijal Tashi Industries (P) Limited and looks after the food production department of BFPL.

AUDIT COMMITTEE

The Company complies with the provisions of the listing agreements with Stock Exchanges and provisions of Section 292A of the Companies Act, 1956, pertaining to the Audit Committee and its functioning.

The Audit Committee was constituted on 30.04.2001. The Audit Committee meets at least thrice a year in the following pattern. One meeting is held before finalisation of annual accounts and other meetings are held within a gap not extending five months. During the year 2003-2004, three audit committee meetings were held on 26.6.2003, 31.10.2003 and 28.01.2004.

The Audit Committee has been vested with the following powers:

- ❖ To investigate any activity within its terms of reference
- ❖ To seek information from any employee
- ❖ To obtain outside legal or other professional advice
- ❖ To secure attendance of outsiders with relevant expertise, if it considers necessary.