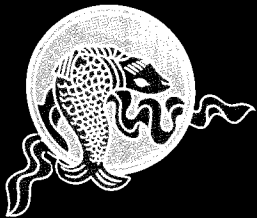


2006-2007

# 24th Annual Report

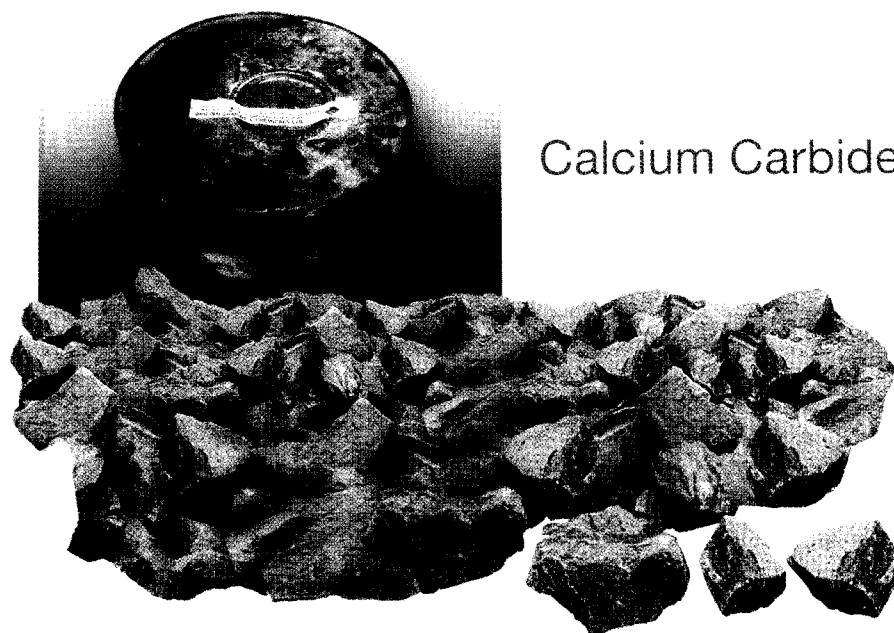
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Tai Industries Limited





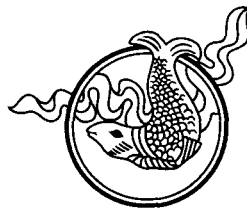
Report  Junction.com



Calcium Carbide

Calcium Carbide is used in the manufacture of Acetylene Gas for welding metals, De-sulphurizing Compound Acetylene Black, P.V. Chloride, Calcium Cyanamide, Tri-Chloro-ethylene & Polyvinyl Acetate.

It is packed and sold in 50 Kg and 100 Kg drums after being crushed to size.



## TAI INDUSTRIES LTD

### Board of Directors

Mr. Dasho Wangchuk Dorji  
Mr. Dasho Topgyal Dorji  
Mr. Prem Sagar  
Mr. K N Malhotra  
Mr. Vinay Killa

*Chairman & Managing Director*  
*Director*  
*Director*  
*Director*  
*Director*

### Audit Committee

Mr. Prem Sagar  
Mr. K N Malhotra  
Mr. Vinay Killa

*Chairman*

### Sr General Manager

Mr. Rohan Ghosh

### Company Secretary

Ms. Indira Biswas

### Bankers

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

### Statutory Auditors

Ray & Ray, Chartered Accountants, Kolkata

### Internal Auditors

R K Chandak & Co, Chartered Accountants, Kolkata  
Soumya Dutta & Associates, 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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Annual General Meeting on Friday, 21 September 2007 at Kala Kunj, 48 Shakespeare Sarani, Kolkata-700017 at 10 A.M. As a measure of economy, copies of the Annual Report will not be distributed at the General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

**24th ANNUAL REPORT 2006-2007****Notice**

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of Tai Industries Limited will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata – 700017, on Friday, the 21st September, 2007 at 10 a.m. to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2007, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Directors in place of those retiring by rotation.
3. To appoint Auditors and to fix their remuneration.

53A, Mirza Ghalib Street,  
Kolkata – 700016  
17th August, 2007

By Order of the Board  
**Indira Biswas**  
Company Secretary

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
A Proxy, in order to be effective, must be received at the Company's Registered Office at 53A, Mirza Ghalib Street, Kolkata - 700016 not less than forty-eight hours before the Meeting.
2. The Company is registered with National Securities Depository Ltd. ('NSDL'), and Central Depository Services (India) Ltd. ('CDSL'), for dematerialization of its Equity Shares which has been allotted the ISIN INE358D01018". Intime Spectrum Registry Limited having their office at 59C Chowringhee Road, Kolkata 700020 are the Registrar and Share Transfer Agents of the Company.
3. The Register of Members of the Company will remain closed from 14th September, 2007 to 21st September, 2007, both days inclusive.
4. Members are requested to:
  - a. notify any change in their addresses ;
  - b. communicate on all matters pertaining to their shareholdings with the Company's Registered Office, quoting their respective Ledger Folio Numbers, Client ID and DP ID;
  - c. note that as per provisions of the Companies Act, 1956, facility for making nominations is available for shareholders in respect of Equity Shares held by them;
  - d. bring their copies of the Annual Report to the Meeting.
  - e. Bring their respective Ledger Folio Numbers, Client ID and DP ID for easy identification of attendance at the Annual General Meeting.
5. i. Pursuant to Section 205A of the Companies Act, 1956 ('the Act') all dividends declared and relative dividend warrants posted upto and including the Dividend for the year 1993-94 and remaining unclaimed by members have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants in respect of the said period are requested to prefer their claims to the Registrar of Companies, West Bengal. In case any assistance is required, shareholders are requested to write to the Company's Registered Office.
- ii. Pursuant to Section 205A of the Companies Act, 1956 dividends declared from the year 1994-95 upto 1999-2000 (Interim Dividend) and remaining unclaimed by the members at the end of the statutory period of seven years require to be transferred to the Investor Education & Protection Fund constituted by the Central Government under Section 205C of the Act on which no claim for Unpaid Dividend can be preferred.



- iii. Those members who have not so far encashed their warrants pertaining to the dividends paid for the years 2000–2001 and 2001–2002 are requested to send the same to the Company's Registered Office for revalidation immediately in view of the fact that dividend remaining unpaid/unclaimed over a period of seven years are required to be transferred to the aforesaid Fund on which no claim for Unpaid Dividend can be preferred.
6. Relevant details in respect of Item no. 2 of the Notice, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, are given hereunder.

**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT**  
(In pursuance of Clause 49 of the Listing Agreement)

Name of Director: **Mr. K. N. Malhotra**

**Brief Resumé:**

Mr. K.N. Malhotra 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 (P) Limited (BFPPL) and Rijal Tashi Industries (P) Limited and looks after the food production department of BFPPL.

**Directorships & Committee Memberships of Other Companies:**

Mr. Malhotra does not hold any directorships in other companies.

Mr. Malhotra does not hold any share in the Company.

Name of Director: **Dasho Topgyal Dorji**

**Brief Resumé :**

Dasho Topgyal Dorji graduated from New Hampshire College, USA, with specialization in Marketing. He has also undergone extensive training in Norway for Ferro-Silicon Project.

**Directorships & Committee Memberships of Other Companies:**

Bhutan Ferro Alloys Limited	Managing Director
Bhutan Beverages Company Limited	Chairman
Bhutan Carbide and Chemicals Limited	Chairman
Bhutan Fruit Products (P) Limited	Director
Bhutan Eco Ventures (P) Limited	Chairman
Rijal Tashi Industries (P) Limited	Director
Royal Insurance Corporation of Bhutan	Director
Tai Projects (P) Limited	Director

Dasho Topgyal Dorji does not hold any share in the Company.

## Directors' Report

### TO THE MEMBERS

Your Directors have pleasure in presenting their 24th Annual Report on the business and operations of your Company for the year ended 31st March, 2007.

### FINANCIAL PERFORMANCE

(Rupees in Lakhs)

Particulars	Year ended 31st March 2007	Year ended 31st March 2006
Turnover	4414.93	4185.84
Profit/(Loss) before Interest, Depreciation & Taxation (PBIDT)	600.54	314.72
Interest	56.54	112.76
Profit/(Loss) before Depreciation & Taxation (PBDT)	544.00	201.96
Depreciation	79.63	88.77
<b>Profit/(Loss) Before Tax (PBT)</b>	<b>464.36</b>	<b>113.18</b>
Provision for Taxation	52.06	10.08
<b>Profit/(Loss) After Tax (PAT)</b>	<b>412.30</b>	<b>103.10</b>
Balance brought forward from previous year	548.96	445.87
<b>Profit available for appropriation</b>	<b>961.26</b>	<b>548.96</b>
Proposed Dividend	—	—
Profit carried to Balance Sheet	961.26	548.96

### AUDITORS REPORT

Messrs Ray and Ray, Statutory Auditors, have submitted their Report under Section 227 of the Companies Act, 1956 and the comments made by the Auditors in their Report have been adequately dealt with in the relative Notes on Accounts which are self explanatory.

### ACCOUNTING POLICIES AND PROCEDURES

The major accounting policies in conformity with the Accounting Standards and Guidelines issued by The Institute of Chartered Accountants of India from time to time which have been specified in the Companies Act, 1956 have been followed as usual in course of preparing and presenting these Accounts. Such accounting policies have been suitably incorporated in the Notes on Accounts.

Your Company continues to have an adequate internal audit system carried out by external firms of Chartered Accountants who submit their Reports upon completion of audit for consideration by the Directors.





## RESUMÉ OF PERFORMANCE

Your Company's financial performance reflects 5.47% 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 2006-2007 (Rs. In lakhs)	Sale in 2005-2006 (Rs. In lakhs)	Increase/ (Decrease) in Sales (Rs. In lakhs)	Percentage increase/ (Decrease) %
Fruit Products	1768.36	1592.14	176.22	11.07
Calcium Carbide	301.70	334.21	(32.51)	(9.73)
Charcoal	431.49	405.40	26.09	6.44
Retail	1775.86	1721.56	54.30	3.15
Commission on Sale	137.52	132.54	4.98	3.76
Total Turnover	4414.93	4185.84	229.08	5.47

The Profit after tax of Rs. 412.30 lakhs may be attributable to your Company's emphasis on quality of products and delivery of customer satisfaction.

## PLANS AND PROSPECTS

### Fruit Product Division

The Company continues in its operations for consolidation of its fruit product business. Having successfully operated in the fruit products business with 'DRUK' brand in India for nearly over 20 years, the Company is continuing in its focus on branding, modernization of packaging and expansion of existing product mix. Your Company is also exploring the possibility of procuring fruit products from abroad and marketing it in India through our existing distributor network and buyer base in the north, east and north-eastern states of India as the demand for such products have increased over the years.

### Industrial Division

There is tremendous competition in the Calcium Carbide segment and to sustain our market we are now procuring the same at discounted rates to counter competitive prices. Your Company will continue to increase its buyer base in the eastern states of Orissa, Bihar, Jharkhand, Assam and the eastern parts of Uttar Pradesh.

### Retail Division

Retail having emerged as one of the most dynamic and fast paced industries your Company is currently operating three stores under the brand name "C3 The Marketplace" at Elgin Road, Salt Lake and at Gariahat and one express store at WIPRO Campus, Sector-V, Salt Lake, Kolkata. The Company is targeting a higher growth with better margins in the coming year through the following actions:

- More focused operations in express stores
- Opening of new express stores in and around Kolkata
- Manpower rationalization
- Training program for employees to improve customer satisfaction
- Upgrade product mix at stores

The Directors believe that there are tremendous growth opportunities in the retail industry and the Company will capitalize on these to the maximum extent.

In a move to enable unlocking of shareholder value and to explore the opportunities for joint ventures with lead industry players with expertise in retail sales and marketing, the Board of Directors are considering proposals for the transfer/demerger of its C-3 unit into a separate legal entity.

The proposal is based on the sound rationale of imparting greater focus to both retail and marketing and to impart greater financial flexibility as regards financing both the businesses.

While TAI generates healthy cash flow with limited investment needs, the C-3 business, being in the growth phase, requires huge investments and the cash flows in TAI are inadequate to support those ambitions and growth needs.

Taking the aforesaid factors into account your Board has considered a proposal for the formation of a new Company to which the entire business of the C-3 unit would be transferred.



**24th ANNUAL REPORT 2006-2007****DIVIDEND**

Your Directors express their inability to recommend dividend for the year to plough back profits to conserve funds for expansion of the chain of super markets.

**APPROVAL UNDER SECTION 211(4) OF THE COMPANIES ACT, 1956**

During the year the Central Government was pleased to pass its Order No. 46/105/2007-CL-III dated 14<sup>th</sup> June, 2007, exempting the Company from disclosing the quantitative information as required to be stated in terms of paragraph 3(ii) (b) of part II of Schedule VI to the Companies Act, 1956 for the financial year ended 31st March, 2007.

**CORPORATE GOVERNANCE**

In compliance with the disclosures required under the said Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is provided in Annexure 'A'.

The Report on Corporate Governance as required under the aforesaid Clause is also provided in Annexure 'B' to this Report, together with the Declaration affirming compliance with the Code of Conduct of the Company and Auditors' Certificate on Compliance with the conditions of Corporate Governance.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) The Accounting Standards as applicable to your Company and corroborated by the Companies Act, 1956 have been followed in course of preparation of the Annual Accounts for the year ended 31st March, 2007 and there has been no material departures to warrant further explanation.
- (ii) The accounting policies as have been followed are being continued in course of preparation of the Annual Accounts for the year ended 31st March, 2007, so as to exhibit a true and fair view of the state of affairs of the Company and of the profit for that period.
- (iii) Adequate controls and internal audit systems are being followed by the Company in course of running its affairs as also for maintenance and safeguarding of its assets. Every caution has been taken to relate such control measures to the benefit of the Company and to prevent any fraud or irregularities to creep in.
- (iv) The Annual Accounts of the Company for the year ended 31st March, 2007 have been prepared on a going concern basis as hitherto.

**DEMATERIALISATION OF SECURITIES**

The shares of the Company are compulsorily traded in dematerialised form for all shareholders. As on 31st March, 2007, 57.42% of total number of shares stand dematerialised.

**DIRECTORS**

During the year, the Directorship of Mr. Hardyal Doegar ceased owing to his demise on 20th February, 2007

In accordance with Article 56 of the Articles of Association of the Company, Mr. K.N. Malhotra and Dasho Topgyal Dorji retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

**PARTICULARS OF EMPLOYEES**

There were no employees during the year under review in respect of whom details as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are required to be disclosed.

**COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. Conservation of Energy**

- (a) Energy conservation measures taken :

Your Company's activities being trading in nature, energy consumed is only in the nature of electrical consumption for use and maintenance of office appliances. However, the efforts of your Company are aimed at keeping the consumption levels to as low as practicable.



(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

As already mentioned above, the electrical consumption required for the use and maintenance of office appliances is kept as low as is practicable.

(c) Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production of goods :

Your Company is not engaged in any manufacturing activity and hence disclosure under this head is not required.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

Your Company is not engaged in any manufacturing activity and hence disclosure under this head is not required.

#### **B. Technology Absorption**

(e) Efforts made in technology absorption as per Form B of the Annexure:

Your Company is not engaged in any manufacturing activity and hence disclosure under this head is not required.

#### **C. Foreign exchange earnings and outgo**

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans;

Your Company is not engaged in any export activity and hence disclosure under this head is not required.

(g) Total foreign exchange used and earned

There has been no foreign exchange earnings or outgo 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**

Your Directors wish to place on record their grateful appreciation for the excellent support and co-operation received from the Shareholders, Banks, Financial Institutions and Investors, Government Authorities, Stock Exchanges, Reserve Bank of India, Central and State Governments. Your directors also wish to place on record their deep appreciation of the dedication and contributions made by employees at all levels who through their competence, hard work and support have enabled your Company to achieve better performance and look forward to their continued support in the future as well.

By Order of the Board

Place: Kolkata  
Date: 17th August, 2007

**Wangchuk Dorji**  
Managing Director

**Vinay Killa**  
Director