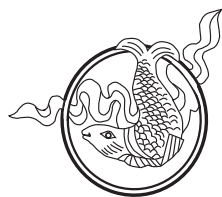




30th ANNUAL REPORT 2012-2013

TAI INDUSTRIES LIMITED





TAI INDUSTRIES LIMITED

Board of Directors

Dasho Wangchuk Dorji

Chairman & Managing Director

Dasho Topgyal Dorji

Director

Mr. Prem Sagar

Director

Mr. K. N. Malhotra

Director

Mr. Vinay Killa

Director

Audit Committee

Mr. Prem Sagar

Chairman

Mr. K. N. Malhotra

Mr. Vinay Killa

President

Mr. Rohan Ghosh

**General Manager - Corporate
& Company Secretary**

Ms. Indira Biswas

Bankers

State Bank of India

HDFC Bank Limited

Canara Bank

United Bank of India

Axis Bank

Statutory Auditors

Ray & Ray, Chartered Accountants, Kolkata

Registered Office

53A, Mirza Ghalib Street
3rd Floor, Kolkata - 700 016



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Annual General Meeting on Monday, 2nd September, 2013, at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017, at 10.00 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.



Notice

NOTICE is hereby given that the Thirtieth Annual General Meeting of Tai Industries Limited will be held at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017, on Monday, the 2nd September, 2013, at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2013, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vinay Killa, retiring by rotation and eligible for reappointment.
3. To appoint Auditors and to fix their remuneration. Messrs. Ray & Ray, the retiring Auditors are eligible for reappointment.

Special Business

4. To consider and, if thought fit, to pass the following Resolution as Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the reappointment of Mr. Wangchuk Dorji as Managing Director of the Company for a period of 3 (three) years with effect from 20th May, 2013 upon such terms and conditions as set out in the Agreement entered into between the Company and Mr. Wangchuk Dorji, a copy whereof is placed before the Meeting and initialled by the Chairman for the purpose of identification, and the Board of Directors be and are hereby authorized to alter and vary from time to time the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed upon by and between the Directors and Mr. Wangchuk Dorji, subject to the limitations in that behalf contained in Schedule XIII to the Act including any statutory modification or reenactment thereof for the time being in force or any amendment and/or modification that may hereafter be made thereto by the Central Government."

"RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company, during the term of Mr. Wangchuk Dorji in the office of the Managing Director, the salary and perquisites, as set out in the aforesaid agreement, be paid or granted to Mr. Wangchuk Dorji as minimum remuneration."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take steps and do all other acts, deeds and things as may be necessary or desirable to give effect to the Resolution."

By Order of the Board

INDIRA BISWAS

*General Manager-Corporate
& Company Secretary*

Kolkata
29th May, 2013

Notes:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. 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 - 700 016 not less than forty-eight hours before the Meeting.
3. 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. Link Intime India Private Limited having their office at 59C Chowringhee Road, Kolkata - 700 020 are the Registrar and Share Transfer Agents of the Company.
4. The Register of Members of the Company will remain closed from 26th August, 2013 to 2nd September, 2013, both days inclusive.
5. Members are requested to:
 - a. notify any change in their mailing as well as e-mail addresses registered with the Company.
 - b. communicate on all matters pertaining to their shareholdings with the Company's Registered Office/Company's Registrar, 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.
- f. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
6. 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 2001-2002 and remaining unclaimed by the members at the end of the statutory period of seven years have been 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.
7. Securities and Exchange Board of India (SEBI) vide circular No. MRD/DOP/Cir-05/2009, dated 20th May, 2009, has issued a circular on PAN requirement for transfer of shares in physical form. For securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/RTA for registration of such transfer of shares.
8. The Ministry of Corporate Affairs, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this Green Initiative, members are requested to register their e-mail addresses, in respect of their electronic holdings with the Depositories through their Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses either by e-mail at kolkata@linkintime.co.in or send a duly signed letter by the sole/first named shareholder, mentioning their name and Folio number, to the Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata-700 020. Shareholder(s) are requested to keep the Company/Depository Participants informed as and when there is any change in their e-mail addresses. Even after registering for e-communication, the Shareholders of the Company shall be entitled to receive such communication in physical form, upon request.
9. Relevant details in respect of Item no. 2 of the Notice, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, and the information in respect of Item No. 4 of the Notice, pursuant to Section II (1) (B) (iv) of Part II of Schedule XIII of the Companies Act 1956, for the reappointment of Managing Director, are given hereunder.

DETAILS OF DIRECTORS BEING RE-APPOINTED

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director retiring by rotation and seeking re-appointment:

Mr. Vinay Killa

A brief resume of Mr. Vinay Killa and nature of his expertise:

Mr. Vinay Killa, aged 42 years, is a commerce graduate and holds a post graduate diploma in Business Management with specialization in Finance. He is associated with several companies as a financial consultant and advisor. He has been on the Board of your Company since April, 2001.

Names of companies in which Mr. Vinay Killa holds Directorships and Committee Memberships:

● Citrus Fashions Private Limited	-	Director
● Shagun Impex Private Limited	-	Director
● Utsav Promoters Private Limited	-	Director
● Inspiration Vinimay Private Limited	-	Director
● Van Info Services Private Limited	-	Director

Shareholding of Mr. Vinay Killa:

Mr. Vinay Killa holds 200 shares in the Company.

Name of Director being re-appointed as a Managing Director:

Mr. Wangchuk Dorji

A brief resume of Mr. Wangchuk Dorji:

Mr. Wangchuk Dorji, aged 46 years, is a graduate from New Hampshire College, USA, with specialization in Business Finance



and Economics. Mr. Wangchuk Dorji is the Vice Chairman of Tashi Commercial Corporation, which is the largest commercial & industrial house in the Royal Kingdom of Bhutan. Mr. Wangchuk Dorji is responsible for the overall supervision and management of Tashi Commercial Corporation.

Names of companies in which Mr. Wangchuk Dorji holds Directorships and Committee Memberships:

● Bhutan Fruit Products Private Limited	-	Chairman
● Bhutan Brewery Private Limited	-	Chairman
● Royal Insurance Corporation of Bhutan Limited	-	Chairman
● Tashi Infocomm Limited	-	Chairman
● Bhutan Carbide and Chemicals Limited	-	Managing Director
● JAMIPOL Limited	-	Director
● Rijal Tashi Industries Private Limited	-	Director
● Bhutan Ferro Alloys Limited	-	Director
● Tashi Beverages Limited	-	Director
● Bhutan Silicon Metal Private Limited	-	Director
● Bhutan Tourism Corporation Limited	-	Director
● SKW – Tashi Metals & Alloys Private Limited	-	Director
● T Bank Limited	-	Director

Mr. Wangchuk Dorji does not hold any share in the Company.

INFORMATION PURSUANT TO SECTION II (1) (B) (iv) OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956, FOR REAPPOINTMENT OF MANAGING DIRECTOR

I. GENERAL INFORMATION

Nature of Industry.

The Company is a trading organization carrying on the business of:

- marketing and distribution, in India, of “DRUK” brand of fruit products such as squashes, jams, fruit juices, pickles, sauces, etc., manufactured by Bhutan Fruit Products Private Limited, in Bhutan.
- trading and marketing of industrial and mineral products and raw materials such as Calcium Carbide, Charcoal, Manganese ore, etc.
- retailing operations.

Date of commencement of commercial production

Tai Industries was incorporated on 5 May, 1983 as Tashi Agro Industries Private Limited with the objective of marketing agro based and mineral products.

The Company started its operations in 1986 and since then it has been engaged in the marketing of ‘DRUK’ brand of fruit products manufactured by its group company – Bhutan Fruit Products Private Limited.

Besides fruit products, the Company has also been marketing mineral products, particularly calcium carbide, manganese ore, charcoal, etc., since 1988.

The Company further diversified into the retail segment by commencing operations of a chain of supermarkets called “C3 The Marketplace” in Kolkata since 2004 and currently the Company is operating its store at City Centre, Saltlake.

Financial performance based on given indicators.

The year under review registered a turnover of ₹ 50.22 Crores as against a turnover of ₹ 65.88 Crores during the previous financial year. However, the Company has posted a profit after tax of ₹ 68.74 lakhs, for the financial year ended 31st March, 2013, against a profit after tax of ₹ 46.89 lakhs in the previous financial year.

Export performance and net foreign exchange collaborations.

The Company is trading in Charcoal, Calcium Carbide, Ferro Silicon and Manganese Ore with Bhutan. However, trade between India and Bhutan are being transacted in Indian Rupees.

II. INFORMATION ABOUT THE APPOINTEE

Background details.

Mr. Wangchuk Dorji, aged 46 years, is a Bhutanese national. He is the Vice-Chairman of Tashi Commercial Corporation, the largest business conglomerate in Bhutan. He is also a Director of several companies in Bhutan and also a Director of Jamipol Limited, a Joint Venture between the Company, the Tata Group and SKW Metalchemie GMBH, Germany, which is engaged in the manufacture of Desulphurisation Compounds which are required in the Iron and Steel industry.

Mr. Wangchuk Dorji is a Graduate of New Hampshire College, USA, with specialization in Finance and has been serving the Company as Managing Director for the last eighteen years.

*Past remuneration.*

His remuneration in the last five years have been as follows:

Particulars	2012 – 2013 (₹)	2011 – 2012 (₹)	2010 – 2011 (₹)	2009 – 2010 (₹)	2008 – 2009 (₹)
Salary	16,71,833	16,11,833	15,35,500	13,80,000	13,65,000
Commission	—	—	—	—	—
Other benefits	—	—	—	—	—
Retiral Benefits	2,00,620	1,93,420	1,84,260	1,65,600	1,63,800
Total	18,72,453	18,05,253	17,19,760	15,45,600	15,28,800

Job profile and his suitability.

Mr. Wangchuk Dorji, as Managing Director of the Company, subject to superintendence, control and direction of the Board of Directors of the Company, shall have the general conduct and management of the whole business and affairs of the Company except in matters which may be specifically required to be done by the Board either by the Companies Act, 1956 or by the Articles of Association of the Company. He shall also exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine, and shall also perform all other acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company and, in particular, but without in any way restricting the general powers and authorities hereinbefore conferred on the Managing Director, he shall be entrusted with substantial powers of management.

Mr. Wangchuk Dorji joined the Company as Managing Director in 1995 and since then has been closely involved in resolving various complex business issues. His extensive practical experience as director of several companies in Bhutan and as Vice-Chairman of Tashi Commercial Corporation, the largest conglomerate in Bhutan, have proved invaluable in the successful completion of varied transactions.

Remuneration proposed.

₹ 1,45,000/- (Rupees one lakh forty five thousand only) per month with effect from 20th May, 2013 with annual increment of ₹ 5,000/- (Rupees five thousand only) in the scale of ₹ 1,45,000/- – ₹ 5,000/- – ₹ 1,55,000/-.

Comparative remuneration profile with respect to industry, etc.

The remuneration to the Managing Director is based on both market practice as well as internal business considerations. From the market viewpoint, the Company has positioned his remuneration package keeping in mind the industry and size of the organization. Internally, responsibility, competency and profile of the person forms the basis of remuneration. Additionally, the structure of the remuneration has been so framed as to reward performance.

Pecuniary relationship

Mr. Wangchuk Dorji has no pecuniary relationship directly or indirectly with the Company apart from receiving remuneration as Managing Director. He is related to Mr. Topgyal Dorji, who is a Non-Executive Director of the Company.

III. OTHER INFORMATION*Reasons for inadequate profits.*

Despite a satisfactory performance in the fruit products and retail division, the overall profitability of the Company was impacted by the decline in the performance of the industrial division. Market competition, unavailability of raw material owing to frequent closure of factories and sluggish steel and foundry sector affected the performance of this division.

Steps taken or proposed to be taken for improvement.

Your Company is focusing on building brand value, developing and expanding markets managing margins through judicious pricing and sustained efficiencies and applying aggressive marketing policies and schemes.

Expected increase in productivity and profits in measurable terms.

Given the seasonal nature of the industry, the unpredictable economy and market, your Company expects to increase its performance and turnover by 20 percent. The margin of profit will depend, inter alia, on the cost of raw materials and cost of freight and procurement that are subject to the economic policies of the Government.

By Order of the Board

INDIRA BISWAS

General Manager-Corporate
& Company Secretary

Kolkata
29th May, 2013

**Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956**

Mr. Wangchuk Dorji was appointed Managing Director of the Company for a period of 5 (five) years with effect from 20th May, 1995 with the approval of the Company at its Extra Ordinary General Meeting held on 10th July, 1995 and approval of the Central Government, vide its letter no. 4/126/95-CLIX dated 21st November, 1995. He was reappointed twice for successive periods of 5 (five) years and thereafter for a period of 3 (three) years as follows :

Period	Date of Annual General Meeting at which shareholders approval was obtained	Letter of approval received from Central Government
20th May, 2000 to 19th May, 2005	25th September, 2000	letter No. 1/232/2000 – CL.VII dated 28-09-2000
20th May, 2005 to 19th May, 2010	28th September, 2005	letter No. 1/232/2005 – CL.VII dated 02-09-2005
20th May, 2010 to 19th May, 2013	30th August, 2010	letter No. 1/232/2010 – CL.VII dated 22-12-2010

As the last term of appointment of Mr. Wangchuk Dorji as Managing Director expired on 19th May, 2013, the Board of Directors at its meeting held on 29th May, 2013 for the sake of continuity of the present management and for efficient running of the Company, re-appointed Mr. Wangchuk Dorji as Managing Director for a further period of 3 (three) years with effect from 20th May, 2013, on the following terms and conditions as contained, inter alia, in the Service Agreement dated 29th May, 2013, entered into by and between the Company and Mr. Wangchuk Dorji.

A. SALARY

₹ 1,45,000/- (Rupees one lakh forty five thousand only) per month with effect from 20th May, 2013 with annual increment of ₹ 5,000/- (Rupees five thousand only) in the scale of ₹ 1,45,000/- – ₹ 5,000/- – ₹ 1,55,000/-.

B. PERQUISITES

These shall be restricted to an amount equal to annual salary. Unless the context otherwise requires, the perquisites are classified into three categories “A” “B” and “C” as follows:

CATEGORY “A”**1. Medical Reimbursement**

Expenses incurred for self and family subject to a ceiling of one month's salary (including premium for mediclaim insurance policy) in a year or three month's salary over a period of three years;

2. Leave Travel Concession

For self and family once in a year, incurred in accordance with the rules specified by the Company;

3. Club Fees

Fees of Clubs, subject to a maximum of two clubs but not including admission and life membership fees;

4. Personal Accident Insurance

Premium not to exceed ₹ 4,000/- (Rupees four thousand only) per annum.

For the purpose of this part, “family” means spouse, dependent children and dependent parents of Mr. Wangchuk Dorji;

5. Other Allowances

In addition to the perquisites at (1), (2), (3) and (4) above, the Managing Director shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on perquisites:-

(a) Reimbursement of expenses incurred on joining duty and returning to home country after completion of tenure:

Actual expenses incurred on travel and on packing, forwarding, loading and unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effect for self and family for joining duty in India and also after completion of the tenure on leaving the employment of the Company.

(b) Leave Travel concession: In case it is proposed that the leave be spent in the home country instead of anywhere in India, return passage may be allowed for self and family in accordance with the rules specified by the Company.



(c) Children's educational allowance: In case of children studying in or outside India, an allowance limited to a maximum of ₹ 5,000/- (Rupees five thousand only) per month per child or actual expenses incurred, whichever is less, is admissible. Such allowance is admissible upto a maximum of two children.

(d) Holidaying passage for children studying outside India/ family staying abroad: Return holiday passage is admissible once in a year by economy class or once in two years by first class to children from their place of study abroad to India and to the members of the family from the place of their stay abroad to India, if they are not residing in India with the Managing Director.

Explanation: For the purpose of Category "A", "family" means spouse, the dependent children and dependent parents of the appointee.

CATEGORY "B"

Contributions to Provident Fund, Superannuation Fund or Annuity

Contributions to Provident Fund, Superannuation Fund or Annuity will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

Earned Leave

The unavailed portion of leave shall be encashable on full pay at the end of the tenure as per the rules of the Company, but not exceeding one month's leave for every eleven months of service. However, it will not be included in the computation of the ceiling on perquisites.

CATEGORY "C"

The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of car for use on Company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

Minimum Remuneration: In the absence or inadequacy of profits in any financial year during his term as Managing Director, Mr. Wangchuk Dorji will be entitled to receive the above remuneration and perquisites as minimum remuneration.

The Managing Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of his appointment.

The Head Office of the Company is situated at present in Kolkata and the Managing Director will be attending the office as he thinks appropriate.

Subject to the provisions of the Act, the Managing Director shall not, while he continues to hold the office of the Managing Director, be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Director or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold office of Director for any cause.

The Managing Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever to make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company or as to any trade secrets or secret processes of the Company and the Managing Director shall during the continuance of his employment hereunder also use his best endeavours to prevent any other person from doing so.

In terms of Part II of Section II of Schedule XIII to the Act, consent of the shareholders has to be accorded for a period not exceeding three years by way of a Special Resolution for payment of remuneration exceeding ₹ 1,25,000/- per month in the event of loss or inadequate profits, in case the effective capital of the Company is less than ₹ 25 crores and accordingly your consent is being sought, by way of a Special Resolution, for the aforesaid appointment.

Your Company is also proceeding to make an application for obtaining the approval of the Central Government in terms of Section 269(2) of the Companies Act, 1956.

Your Board recommends passing of the Resolution.

Except Mr. Wangchuk Dorji and Mr. Topgyal Dorji, none of the Directors are concerned or interested in the Resolution.



Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their 30th Annual Report on the business and operations of your Company for the year ended 31st March, 2013.

FINANCIAL PERFORMANCE

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Turnover	5021.70	6588.30
Profit/(Loss) before Interest, Depreciation & Taxation (PBDIT)	98.31	79.17
Interest	6.02	2.12
Profit/(Loss) before Depreciation & Taxation (PBDT)	92.29	77.05
Depreciation	26.47	28.92
Profit/(Loss) Before Tax and Extraordinary items (PBTE)	65.82	48.13
Extraordinary items	—	—
Profit/(Loss) Before Tax (PBT)	65.82	48.13
Provision for Taxation/(Deferred Tax)	(2.92)	1.24
Profit/(Loss) After Tax (PAT)	68.74	46.89
Balance brought forward from previous year	972.69	925.80
Profit available for appropriation	1041.43	972.69
Proposed Dividend	—	—
Profit carried to Balance Sheet	1041.43	972.69

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 to Financial Statements.

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.

RESUME OF PERFORMANCE

The details of Revenue/Income from operations of your Company compared to that of the previous year is given hereunder:

Particulars	Druk (₹)	C3 - Retail (₹)	Total (₹)
Segment Revenue			
Current Year	44,19,20,986	11,01,24,052	55,20,45,038
Previous Year	61,11,10,695	8,01,91,843	69,13,02,538
Segment Results			
Current Year	1,02,77,332	(4,46,129)	98,31,203
Previous Year	1,03,52,011	(24,34,981)	79,17,030